



BUDGET Advisory Committee

Minutes

March 25, 2019

Meeting

ATTENDANCE (A = absent):

X	Chris Carter	X	Marlene Drinkwine	X	Cindy Baker
A	Sara Blasetti	X	Ryan Carroll	X	Sem Chao
X	Lee Douglas	X	Gene Durand	A	James Henchey
A	Mike Muñoz	A	Anthony Moguel, Jr.	A	Nash Neyra
A	Jorge Ochoa	X	Seth Ramchandran	A	Karen Roberts
X	Kathy Scott	X	Steve Skille	X	John Thompson
X	Susan Trask	X	Heather Van Volkinburg	A	Jeff Wood

NOTE TAKER: Kimberly Casuga

1. Welcome (Chris)

Chris welcomed everyone to the meeting and introductions were made.

2. Approval of Minutes (Chris)

The minutes of the February 13, 2019, meeting were approved as presented.

3. State Budget Update (Marlene)

(Refer to the Draft Memorandum from Marlene to the district and Chancellor's Office Memorandum)

Marlene updated the Budget Advisory Committee with the following highlights:

- Marlene presented her draft memo and Chancellor's Office memo on 2018-19 funding that was to be distributed to the district via email the following day.
- The documents explain the amount appropriated for the colleges are not sufficient to fund the Student Centered Funding Formula (SCFF) for two reasons. One reason is property taxes are below estimate, meaning the state's general fund has to supply the difference. The second reason is the SCFF allocations are far higher than what the CO's estimated specifically in the base allocation and the student success allocation.
- The P-1 apportionment was calculated and based on the findings, community colleges have to take a 5% reduction in funding, that is, \$6 million for LBCCD. Half a percent deficit, or \$600,000, not \$6 million, was anticipated.
- In the CO's memo, on page 4, it is explained that instead of applying the 5% deficit, they will fund districts at their hold harmless level. Those districts who hit above their hold harmless level will be affected which means LBCCD, for now, has no deficit. Though, we still have the potential of a 5% deficit. The plan is still to budget at half a percent.
- In the governor's January proposal, funding would be limited to a 10% increase annually. The legislative analyst office has a counter proposal recommending we would receive credit only for the highest award granted which would limit the student success component. Chris pointed out a student could be triple counted.
- The state has convened a state level committee for the SCFF. Ann-Marie Gabel is the business representative on the committee that makes recommendations that can help propose change.
- Ryan asked if it was the highest degree granted per student per year that would count. Marlene responded that the way the proposal is written is annually, so if a student did receive a certificate one year, and then the associate's degree of transfer in a subsequent year, we would get the credit.

- Prop 98 has a portion of it allocated for K14 education. It is a pot of money that is not growing and is split between community colleges. The way it works results in a net zero gain because it is moving money around in the same pool of funding.
- Dr. Seth asked for clarification on the increase of property prices not resulting in more property tax funding. Marlene explained property taxes are statewide so as the market slows and sales decrease, property taxes decrease too. Statewide levels are projected so it can be dynamic.
- Susan asked if property taxes are local for the college. Marlene explained that LBCC and other K12 districts, as well as the city and county, share the property taxes. The state makes up the difference when property taxes come up short.
- Susan asked about the surplus of state budget. Marlene explained the state budget pays for various things like prison and welfare services and Prop 98 specifically carves out a portion of the budget for K14. Based on certain factors, K14 will get x amount of dollars. Susan asked if we need to go to legislature to make a change. Marlene responded that it was approved by voters therefore it is up to voters to initiate the change.
- Marlene shared we are waiting for the May revise which will help finalize the COLA.

4. Tentative Budget Assumptions (John)

(Refer to "Budget Assumptions and Implications" handout)

John highlighted the following changes on the Tentative Budget Assumptions:

- Anything new is highlighted in yellow. Deleted from last year is red or crossed out.
- First page is updating fiscal years.
- John recommended to look over 2019-20 institutional priorities as it will be discussed at Thursday's joint CPC/BAC meeting.
- Section II-Unrestricted General Fund Budget Guidelines, Part B: FTES target is 19,500. Part of our funding is base funding which is configured by the size of our college. Below 20,000 FTES means being funded \$1.6-\$2 million less. We have 3 years until the change in funding is imposed on us. Goal for next year is to be above 20,000 FTES. Total goal is an increase in period one FTES, but decrease compared to last year's numbers. Note: credit number should say 19,058.
- The wording in the document was updated to relate to where we are at currently.
- Section II, Part H: Changes to SCFF
- Section III-Reserve Assumptions, Part D: Liability for vacation accrued updated to most recent information.
- Section V-State Revenue Assumptions and Implications, Part B: May revise COLA will be updated here. Being a hold harmless district means we will be funded the previous year funding plus COLA.
- Ryan asked if we are still budgeting for 3.46% COLA? John responded that we will see with the May revise update. Marlene added that we center the COLA on the governor's budget for the current year as well as referencing the same sources to remain transparent and consistent with our projections.
- Section V, Part F: There will be no more allocation for block grants. This current year, we received around \$400,000. The year before, it was \$1.2 million. Marlene added that a few months ago in Sacramento, the need for this funding was advocated as it is critical for some areas like CTE. We will find out with the May revise.
- Section VII-Expense Assumptions, Part D: Burnam health benefit consultants, provided projections for next year. Health benefits were a 1.7% blended rate increase which is good because it is not as high as it could be.
- Section VIII-Other Assumptions, Part E: Closer to June, we will have more info for Worker's Comp and State Unemployment Insurance (SUI). Currently, we know the projected PERS and STRS are to go up which has happened over the years.

- Heather asked about the FTES target and if we can look at the non-credit enrollment target to grow numbers further. Marlene responded that the 19,500 target is a place to start. It is close to the 20,000 target and the number can be refined further. She went on to explain that John took the increase and applied it proportionately to our current allocation to be able to project. Kathy added how AB705 impacted us and will continue to impact the credit side. Had it not been for AB705, our numbers would have remained close to the same, but instead they went down. It will also not be fully implemented until the Fall. Lee had shared results with Kathy showing that every college is down because of AB705. She went on to confirm there is definitely potential for growth in non-credit, online courses, and dual enrollment.
- Chris inquired to confirm what year we are in with the hold harmless. Marlene confirmed we are in year 2 and that 19,500 FTES is about a 2.6% increase. We will be exiting in 2021-2022 and need to be at 20,000 to not lose the \$1.6 million.
- Kathy added that our course success rate is not what it should be. It is 8 points below the state average. We have equity gaps--10 point gap for Latinos, and 20 point gap for African Americans. Course success rate is 64% which means 36% of students are not passing which is impacting enrollment, financial aid, dreams not being met—it's affecting everything.
- Susan asked if success rates are low because we're placing Promise Pathways students at higher levels and getting rid of the lower levels of reading and math. Ryan clarified that what Susan is actually referring to is AB705. He added that the low success rate is happening across all departments.
- Kathy talked about meeting students where they are and added that about 62% of our students are first generation college students. Chris talked about his own experience with students not understanding the importance of submitting homework.
- Heather asked if the 20,000 FTES number is by the year or a 3-year average. Marlene confirmed it is an annual year number but funding is based on a 3-year average. Other calculations based on the one-year FTES is the determination for college size and the FON calculation.
- Ryan asked if we could do the summer shift to put us closer/over to the 20,000 FTES. Marlene said we could and they kept it within the formula, but we'll have to be strategic because of how it will affect the large college status and FON.

5. Apportionment Calculations (John)

(Refer to "Long Beach CCD, Apportionment Calculation-Budget, 2017-18 Apportionment - Recalc")

John reviewed the Apportionment Calculations with the following highlights:

- Apportionment is calculated throughout the year with the major ones being P-1, P-2, and the recal.
- We take the funding rates we get from the state and then multiply it by FTES to get the dollar amounts as we look for growth or the deficit factor.
- Multiple years are shown for perspective. 17-18 \$972 apportionment will be rounded to \$1000. This number is low because the end of the year deficit was zero.
- Challenges with the new SCFF exist, but with the old formula, the stability adjustment would cause its own too. This is due to the fact that the year we would apply the adjustment, we would receive the same funding, but for the following year, if we did not meet the FTES numbers, we would receive less.

(Refer to "Long Beach CCD Apportionment Calculation 2018-19 P-1")

- What our apportionment was last year and how it carries over to this year
- Total computational revenue is the amount before the deficit factor, i.e. what we should receive, whereas the deficit factor is what we actually receive.

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- 3 versions of this year based off of Adopted Budget, P-1, and P-1 Memo
- \$122 million is broken down by the three major components: Base Allocation is based on FTES. Supplemental Allocation is based on Pell and BOGG waiver students. Student Success is based on degrees and transfers.
- Statewide distribution goal is an average of the whole state which shows where we are above or below on the three allocations.
- Calculated Revenue for the district is about \$120 million which is \$1.6 million short based off of what we receive from COLA.
- Dr. Seth asked when hold harmless ends. John responded 2021 is our last year. Marlene added 2021-2022 is when we'll be funded based exclusively /on the new formula. Kathy reiterated how it is a problem that we're still held to the 10% growth. Marlene explained something has to be done because currently statewide, the student success allocation is \$76 million greater than what the state had originally estimated. Kathy added that AB705 will really hurt us. Heather added that from 16-17 to 17-18, ADTs increased 26% which shows we're capable of growing so the 10% growth rate is high. Marlene suggested that we do as much as we can this year to raise our base.
- Kathy talked about us being number 7 in the state for the awarding of ADTs, and number 4 on increasing our number of ADTs. Marlene reminded that the more completions we have can attract potential students. Susan expressed she is hopeful our trades will help with the difference. Kathy added our non-credit courses are up 200% while our non-credit programs are up 400%.

(Refer to "CCC 2018-2019 First Principal Apportionment Long Beach CCD Exhibit C")

- First look at details and components of the funding formula
- Marlene complimented the CO's producing a document we can follow.
- Total Computational Revenue talks about \$1.6 million difference
- Revenue Sources - \$122 million broken down
 - Breaks down how the revenue comes to us
 - Marlene's Bucket example – local income of property taxes, students fees and education protection account fills the bucket partially; state provides the difference to fill the rest of the bucket to amount to the total
 - \$69 million is state apportionment
- Supporting Sections
 - Section Ia: Base Allocation
 - Special Admit Credit, Incarcerated Credit, Non-Credit, CDCP
 - Section Id:
 - \$1.3 million additional allocation for having a center
 - Ryan clarified LAC and PCC counts as a single college district. Marlene confirmed PCC under the CO's purview counts as a center.
 - Section II: California Promise Grant was formerly BOGG
 - Marlene added that Dr. Munoz talks about how students benefit from applying the Pell Grant also benefits the district. Students completing the FAFSA helps us, but barriers like immigration status might prevent them from doing so.
 - Section III: Pell Grants pay twice making them more valuable students.
 - We receive additional funding for College Promise/BOGG students as well.
 - Marlene added that this goes back to former Governor Brown's approach to K14 that by dedicating resources to students with the greatest needs will result in serving them better. The formula accomplishes receiving funding for them to attend college but also see them through being successful.

- Kathy asked if our Pell numbers would have a limit set. Marlene explained currently there is no limit, but if all colleges did it, it would still result in the deficit.
- If the Total Student Success Allocation Revenue (9,704,000) is the cap, then for the next year, it will be this number plus 10%. Marlene confirmed this is the case regardless of what we actually did. Ryan asked if the amount for students would increase if we went above the 10%.
- Marlene talked about the 2021-22 year that will have the SCFF formula of 60% base, 20% low-income, 20% student success whereas the first year had 70% base, 20% low-income, 10% student success. We are still unsure of what happens to the cap of the 10%.
- Ryan asked if the amount per student would decrease for the Special Admit Credit Incarcerated Credit students. Marlene confirmed it would but there is also the dynamic of the COLA. Every year, we will expect the state to recalculate the rates based on the proportions in respect to the COLA.
- Marlene talked about how the governor said to delay shifting the percentages another year but did not extend the transition so it will be a sharper movement when we get funded based on the allocation.
- Ryan asked if the information is available for public view and the site and path was provided.
 - Extranet.cccco.edu: Divisions > Finance & Facilities > Apportionment Reports > 2018-2019 > P1
 - Other colleges are listed here
 - Exhibit C has the apportionments
 - We're looking at creating our own projection tool

6. Other

The meeting adjourned at 4:29 p.m.

Next Meeting: Thursday, March 28, 2019, at LAC – T-1200 at 2:30 p.m. with College Planning Committee

Monday, May 13, 2019, at LAC – T1046 at 3:00pm