



LONG BEACH  
CITY COLLEGE

# BUDGET UPDATE

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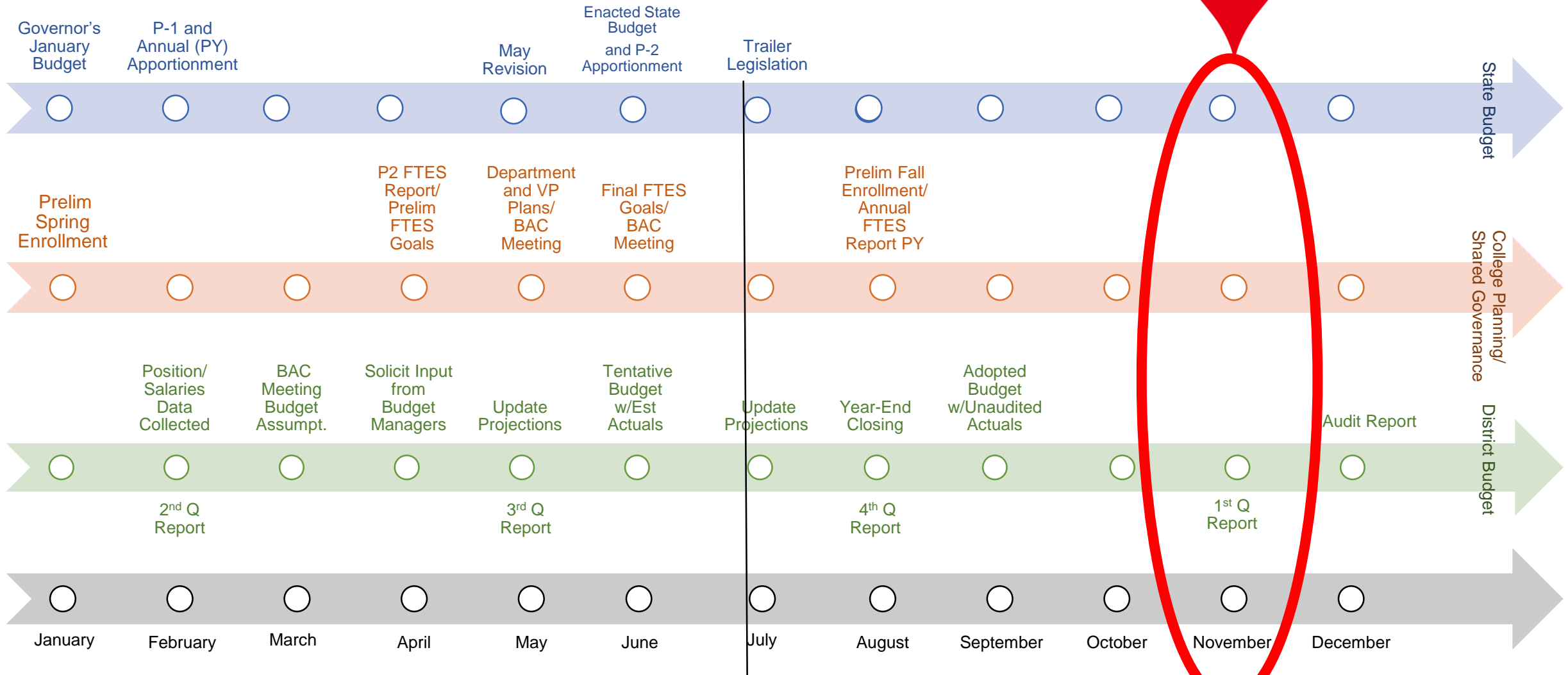
*Wednesday, November 20, 2019*



# **Agenda**

- 1. Budget Development Cycle**
- 2. Budget Assumptions**
- 3. FY2019-20 First Quarter Projections**
- 4. Deficit Reduction Strategy Update**
- 5. FCMAT Evaluation**
- 6. Rainy Day Fund**
- 7. Questions and Answers**

# 1. Budget Development Cycle



# 1. Budget Development Cycle

- The Budget reflects the Board Goals, Strategic Plan Goals, and Institutional Priorities
- Accreditation Standards require the budget and resource allocations be aligned with institutional planning
- Institutional Priorities identify needed resources to support actions to achieve goals
- The Budget reflects the funded resources

## 2. Budget Assumptions

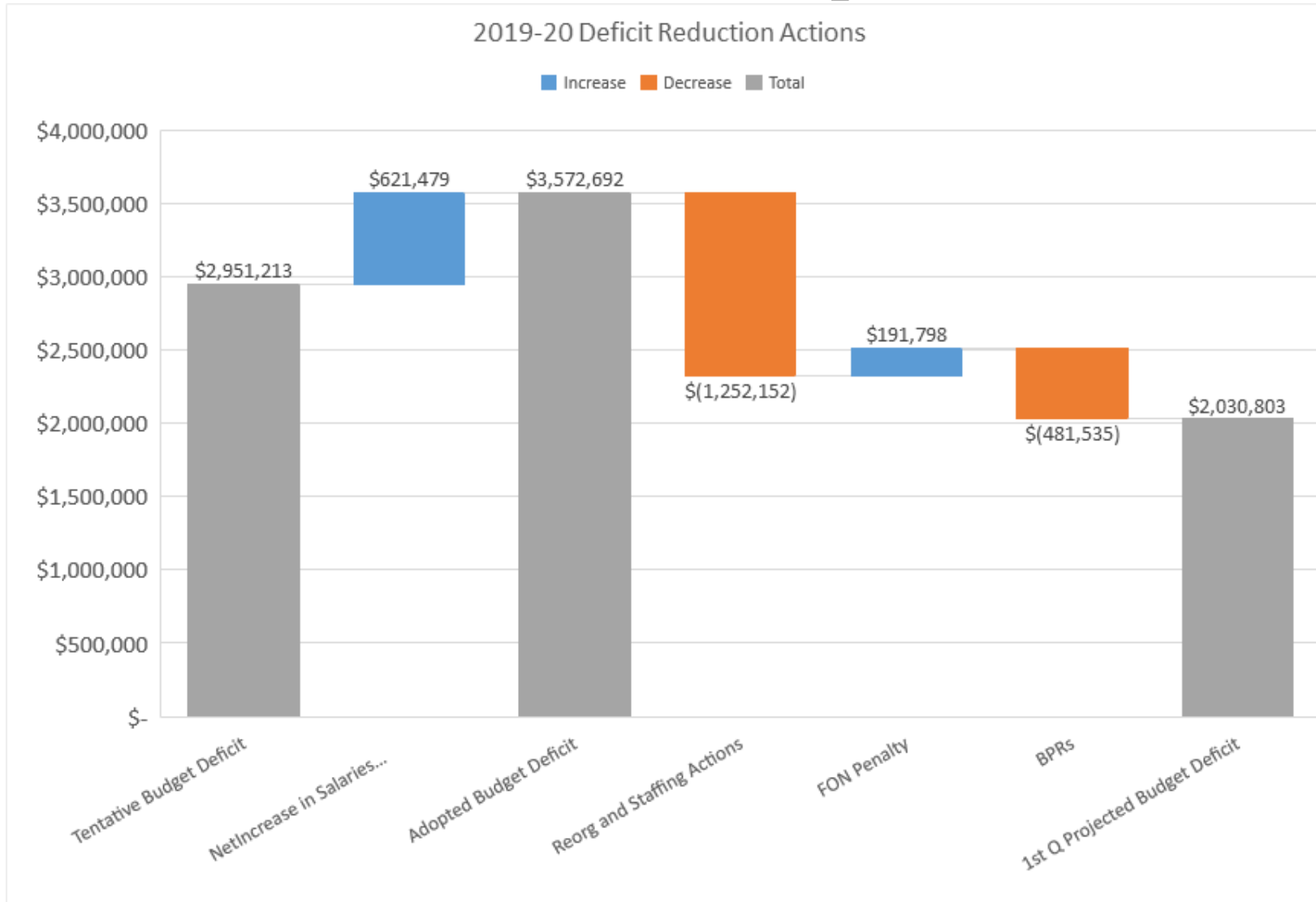
### Highlights

- 3.26% COLA
- Hold harmless status
- FTES total resident target 19,375
- Unrestricted Reserves: a total of 15%, in accordance with Institutional Effectiveness goal
  - 15% exceeds *minimum* of 5.5% specified in [LBCCD Board Policy 6010](#)

# 3. FY2019-20 First Quarter Projections\*

Description	2019-20		
	Tentative	Adopted	Projected
Revenue			
State Apportionment	\$126,543,258	\$125,703,900	\$125,512,102
Other Revenue	<u>12,462,609</u>	<u>13,567,318</u>	<u>15,310,906</u>
Total Available Revenue	\$139,005,867	\$139,271,218	\$140,823,008
Expenses			
Total Salaries and Benefits	\$126,828,360	\$127,796,026	\$127,324,392
Other Expenses	<u>15,128,720</u>	<u>15,047,884</u>	<u>15,529,419</u>
Total Expenditures and Other Outgo	<u>\$141,957,080</u>	<u>\$142,843,910</u>	<u>\$142,853,811</u>
<b>Operating Surplus/(Deficit)</b>	<b>\$ (2,951,213)</b>	<b>\$ (3,572,692)</b>	<b>\$ (2,030,803)</b>
Beginning Balance	<u>30,457,370</u>	<u>36,212,646</u>	<u>36,212,646</u>
Ending Balance	<u>\$ 27,506,157</u>	<u>\$ 32,639,954</u>	<u>\$ 34,181,843</u>
% of Expenses	19.38%	22.85%	23.93%

# 4. Deficit Reduction Update



# 4. Deficit Reduction Strategy Update

## Activity Highlights

- Reorganization and Staffing Actions
  - Dedication of resources to improving enrollment, completions, and income-based assistance for students
  - Continued efforts to reorganize as vacancies occur
- BPRs
  - Additional expenditures to support streamlined and more efficient processes
- FON Penalty
  - 2.5 FTEF: 1 failed search and greater than anticipated FTES growth



## 5. FCMAT Evaluation

Fiscal Crisis and Management Team (FCMAT) helps California's local K-14 educational agencies identify, prevent, and resolve financial, operational, and data management challenges. Created by AB1200 in 1991.

Developed Fiscal Health Risk Analysis Tool to help evaluate fiscal health and risk of insolvency in the current and two subsequent fiscal years.

**LBCCD Total Risk Score, All Areas: 18.5%**

Low Risk:	24% or less
Moderate Risk:	25-39%
High Risk:	40% or more

*Despite deficit spending, proper internal controls and conservative fiscal practices result in a low risk assessment.*

## 6. Rainy Day Fund Options

1. Create a "Designated Funds" line as a component in the Unrestricted Ending Fund Balance

- Fund remains in the Unrestricted General Fund
- Appears as a budget adjustment for Board Approval and has the greatest flexibility

2. Create a "Committed Funds" line as a component in the Unrestricted Ending Fund Balance

- Fund remains in the Unrestricted General Fund
- Requires separate Board approval to create and to modify: less flexibility than "Designated Funds"

3. Create a separate "Special Reserve Fund"

- Separate from the Unrestricted Fund
- Requires separate Board approval to create and to perform subsequent transfers: less flexibility than "Committed Funds"

# Questions?