

# **Adopted Budget 2009-10**

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Budget Advisory Committee**

**September 8, 2009**

## Adopted Budget

2009-10

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## Overview

- State Budget Overview
- Board Budget Guidelines
- Institutional Goals
- BAC Planning Assumption Highlights
- FTES History and Projection
- List of All District Funds – Expenditures & Other Outgo
- Savings Measures Taken

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## Overview (continued)

- Unrestricted General Fund Details
  - Overall Summary
  - Revenue Summary
  - Major Revenue Changes in 2009-10
  - Expenditure Summary
  - Other Outgo
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## **Overview (continued)**

- Breakdown between Fixed and Discretionary Budgets
- State Categorical Programs – Impact of ARRA
- Future Budget Challenges

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## State Budget Overview

- General Fund
  - Increase student fees to \$26 per unit effective fall 2009
  - No COLA
  - No enrollment growth
  - 3.39% reduction to FTES workload measures - \$3.5 million decrease in apportionment for LBCC
  - \$703 million apportionment deferral - \$17.8 million for LBCC

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## State Budget Overview

(continued)

- Categorical Programs
  - No cuts for Student Financial Aid Admin. and Foster Care
  - Approximately 16% cut to Basic Skills, CalWorks, Care, EOPS, DSPS, Fund for Student Success, CARE and Nursing
  - Approximately 32% cut to Academic Senate, Apprenticeship, Child Care Tax Bailout, Economic Development, Equal Employment Opportunity, Transfer Education and Articulation, Matriculation, Part-time Faculty Compensation, Part-time Faculty Health Insurance, and Part-time Faculty Office Hours

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## State Budget Overview (continued)

- Categorical Programs (continued)
  - Provides categorical flexibility for districts for the programs subject to the 32% cut
  - TTIP funding eliminated
  - State budget assumes community colleges will receive \$130 million in Federal stimulus funds (ARRA)

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## Board Budget Guidelines

- Commitment to Reduce Deficit Spending
  - \$7,507,861 deficit spending to maintain service levels to students
- 5.5% General Fund Reserve
  - \$7,241,018 in reserve (6.4%)
- Student Success Plan
  - \$4,031,738 Unrestricted General Fund
  - \$1,380,205 Restricted General Fund



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## **Board Budget Guidelines (continued)**

- Sound reserve for Facilities Maintenance
  - \$296,456 budgeted reserve in the Unrestricted General Fund (carried over from prior year)
- Sound reserve for Technology Replacement and Support
  - \$278,613 budgeted reserve in the Unrestricted General Fund (carried over from prior year)

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## **Institutional Goals**

**(developed by College Planning Committee)**

- **Student Learning**
  - Assessment of Student Learning Outcomes
  - Program Plan/Program Review
  - Student Success Plan
  - CTE Programs
- **Fiscal Stability**
  - Enrollment Management Plan
- **Technology**
  - 2008-09 Technology Plan

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## **BAC Planning Assumption Highlights**

- State funding reductions will be addressed by pursuing higher levels of efficiency and productivity, re-configuring organization structures and making prudent reductions in college operations and programs based on the Planning Process and the College Priorities
- Maintain a 5% unrestricted reserve for contingencies
  - Provided for a 5.5% contingency reserve in accordance with Board direction

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

- Deficit spending will be minimized
- Carryover will only exist for the Technology Master Plan and Facilities Improvement Funds
- No COLA (0%) is budgeted
- No Growth is budgeted. Target FTES is 21,499 (Reduced to 20,712 based on Chancellor's Office workload reduction).
- A 2% deficit factor will be included to offset possible short fall from apportionment revenues

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

- **Stability Reserve**
  - Unable to fund due to budget constraints
- **Load Banking Reserve**
  - Unable to fund due to budget constraints
- **Vacation Liability Reserve**
  - Unable to fund due to budget constraints

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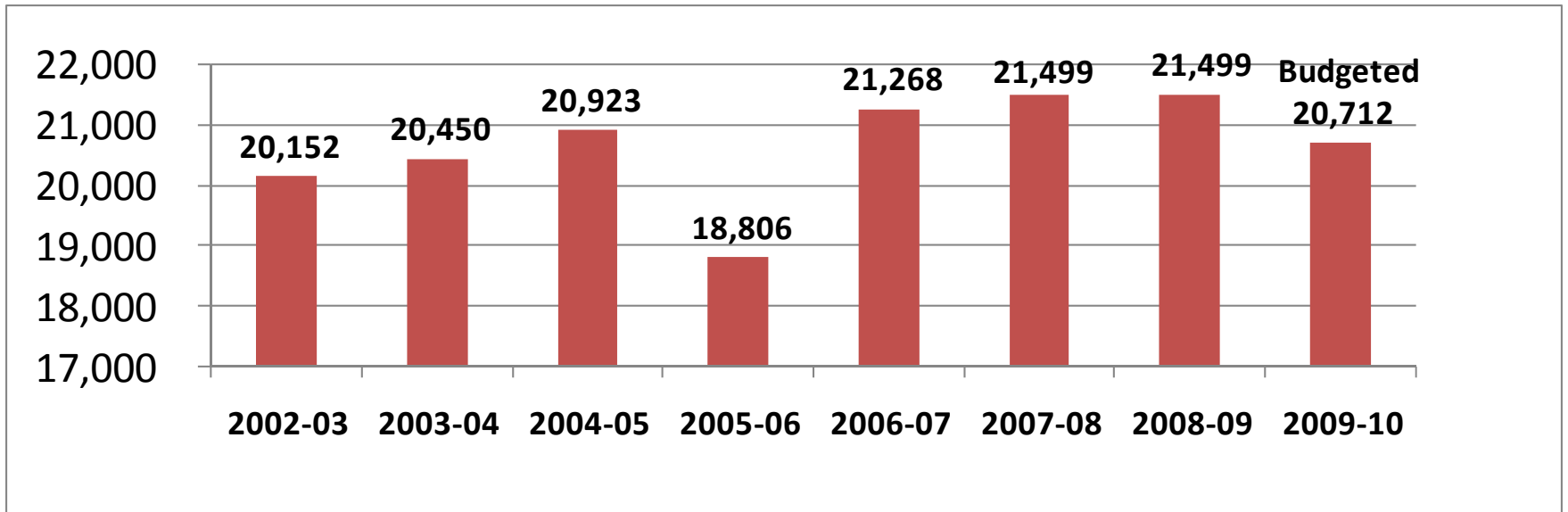
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## **BAC Planning Assumption Highlights** (Continued)

- Lottery income estimates are provided by School Services of California
  - \$470,862 contribution from the Unrestricted General Fund to maintain instructional supply accounts at the same level of 2008-09
- Benefit costs continue to increase:
  - Health and welfare costs increased 9.27%
  - PERS rate increased slightly to 9.709%
- 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 2008-09	Unaudited Actual 2008-09	Adopted Budget 2009-10
Unrestricted General Fund	\$ 117.5	\$ 112.7	\$ 113.2
Restricted General Fund	22.3	23.3	20.9
Capital Projects Fund	41.0	38.6	17.2
Child & Adult Development Fund	1.4	1.4	1.9
Contract Ed./Comm. Service	0.6	0.5	0.7
COP Debt Service Fund	41.1	40.7	0
General Obligation Funds	422.9	108.1	321.4
Retiree Benefits Fund	2.3	2.3	2.4
Self-Insurance Fund	0.9	0.8	1.0
Student Financial Aid	28.9	33.3	40.9
Vet Stadium Operations	0.9	0.9	1.0
<b>Total</b>	<b>\$ 679.8</b>	<b>\$ 362.6</b>	<b>\$ 520.6</b>



## Savings Measures Taken \$5.2 million

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- Converted to a 4/10 Summer Schedule - \$199,000
- 50% cut in Travel and Conferences - \$132,000
- Reduction in mailings and class schedules - \$151,000
- 50% curtailment in VP travel and related expenses, **nearly a 2% salary reduction** - \$14,700
- Voluntary Reductions - \$528,000
- Applying for Federal Work Study match waiver - \$200,000
- Reduced class sections and offerings - \$2.1 million
- Reduced reassigned time by 25% - \$114,000

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## **Savings Measures Taken (continued)** **\$5.2 million**

- Instituted a hiring moratorium on all non-critical positions not already under recruitment - \$891,000 savings identified
- Limiting sabbaticals for the 2010-11 fiscal year
- Reducing part-time classified salaries and overtime by 50% - \$449,000 savings identified
- Temporarily eliminating the “Evening Deans” - \$86,000 savings
- Offering a Supplemental Early Retirement Plan to faculty, effective Jan. 1, 2010, savings not yet known
- Management furloughs - \$395,000 savings

## Unrestricted General Fund Overall Summary

	Unaudited Actual 2008-09	Adopted Budget 2009-10	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$ 112,581,894	\$ 105,757,557	\$ (6,824,337)
Expenditures and Other Outgo	112,715,507	113,265,418	549,911
Surplus/(Deficit)	(133,613)	(7,507,861)	(7,374,248)
Fund Balance	\$ 14,748,879	\$ 7,241,018	\$ (7,507,861)

## Unrestricted General Fund Revenue Summary

	Unaudited Actual 2008-09	Adopted Budget 2009-10	Change Increase/ (Decrease)
Federal	\$ 122,804	\$ 122,000	\$ (804)
Apportionment	102,501,816	97,270,605	(5,231,211)
Other State	3,525,528	3,037,063	(488,465)
Local	4,845,526	4,689,532	(155,994)
Other Sources	1,586,220	638,357	(947,863)
Total	\$112,581,894	\$105,757,557	\$(6,824,337)

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## Major Revenue Changes in 2009-10

- \$ 5.2 million decrease in apportionment caused by the 3.39% workload reduction and lack of property tax backfill
- Other State Revenues declined by \$488k due to 32% reduction in Part-Time Faculty Compensation and FTES reduction in Lottery revenues
- \$1.0 million decrease in Interfund Transfer from the Capital Projects Fund due to lack of funding available in 2009-10 for the technology replacement & support initiative.

## Unrestricted General Fund Expenditure Summary

	Unaudited Actual 2008-09	Adopted Budget 2009-10	Change Increase/ (Decrease)
Academic Salaries	\$ 48,429,690	\$ 46,919,378	\$ (1,510,312)
Classified Salaries	25,706,093	25,996,355	290,262
Benefits	23,603,370	24,055,863	452,493
Supplies	1,078,509	1,290,400	211,891
Services	9,335,409	11,399,138	2,063,729
Capital Outlay	1,347,787	418,584	(929,203)
Other Outgo	3,214,649	3,185,700	(28,949)
Total	\$ 112,715,507	\$113,265,418	\$ 549,911

## Unrestricted General Fund – Other Outgo

	Unaudited Actual 2008-09	Adopted Budget 2009-10	Change Increase/ (Decrease)
Interfund Transfers Out:			
To Child Development Fund	\$ 494,266	\$ 577,417	\$ 83,151
To DSPS	750,480	567,858	(182,622)
To EOPS	285,467	278,101	( 7,366)
To Federal Work Study	289,424	88,928	(200,496)
To Instructional Supplies	271,085	470,862	199,777
To Instructional Equipment	41,712	34,217	(7,495)
To Veteran's Services	84,753	93,317	8,564
To Self Insurance Fund	875,000	975,000	100,000
To Student Financial Aid Fund	122,462	100,000	(22,462)
Total	\$ 3,214,649	\$ 3,185,700	\$ (28,949)

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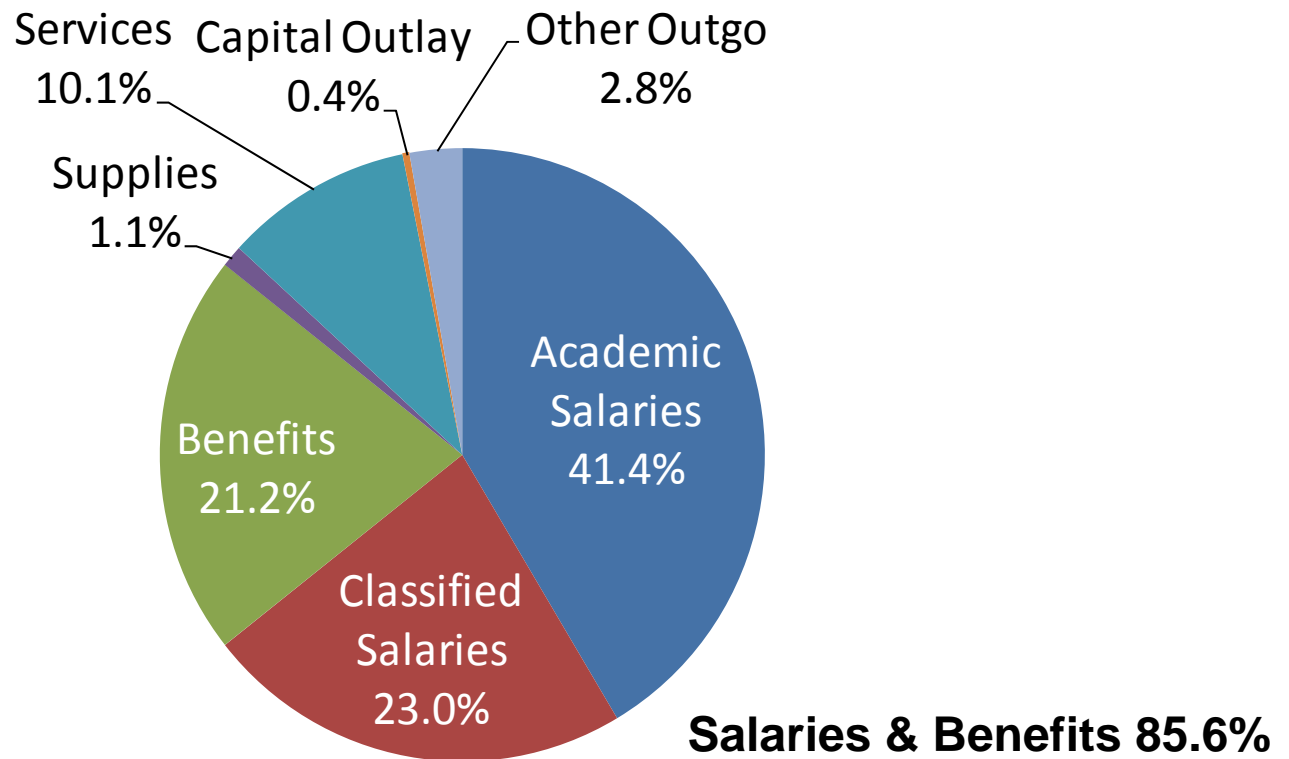
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### Major Expenditure Changes in 2009-10

- Academic Salaries decreased \$1.5 million overall primarily due to the reduction in class sections resulting in \$1.8 million in part-time faculty salaries reductions. This was offset by an increase in full-time faculty salaries due to automatic step and column increases and salaries for two replacements and one new faculty member.
- Classified salaries increased \$291k overall due to step and column increases and filling critical vacant positions for full-time employees totaling \$920k which was offset by a reduction in part-time employees totaling \$629k.
- Benefits increased \$450k due to health insurance increases and slight PERS rate increase.
- Contracted services and operating expenses increased \$2.1 million due to utilities in new buildings, election costs and increases in other contracts.



## Unrestricted General Fund Budgeted Expenditures 2009-10



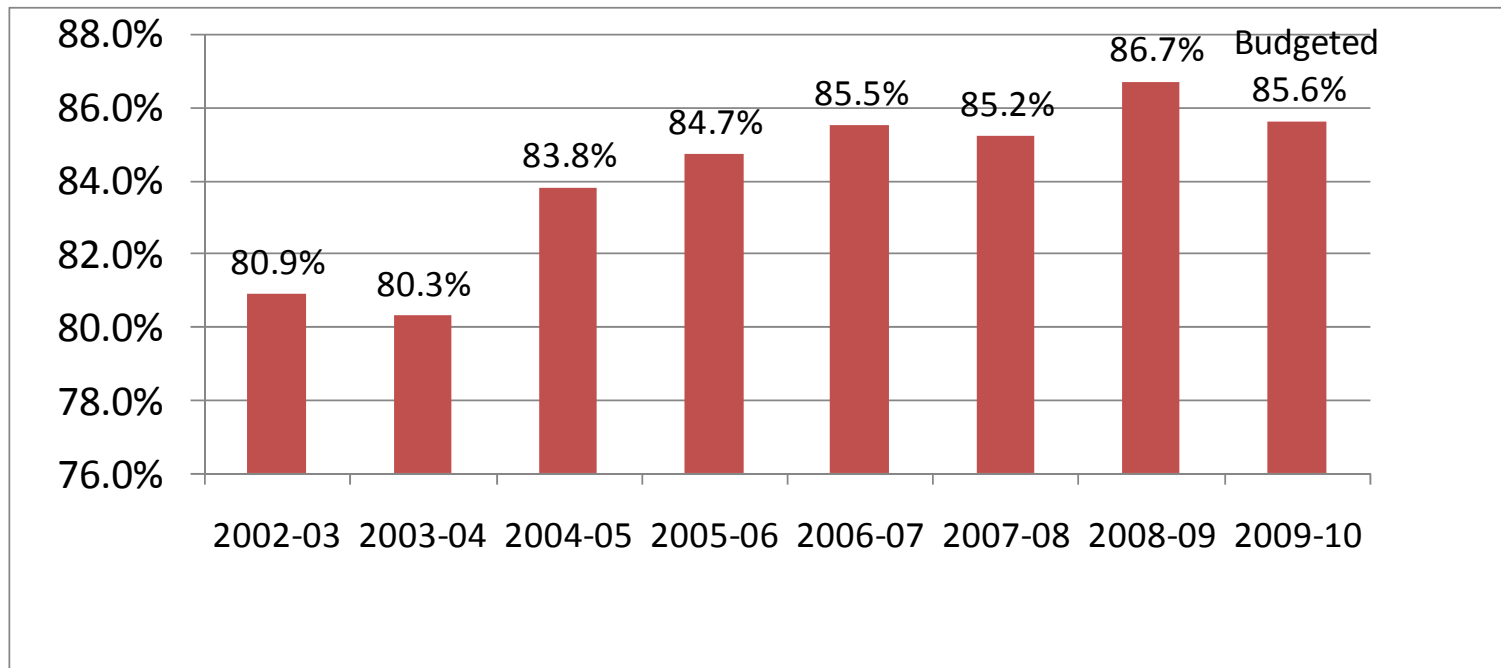
## Unrestricted General Fund Reserves

	Adopted Budget
Board Mandated Reserve – 5.5%	\$ 6,229,598
Facilities Maintenance Reserve	296,456
Technology Replacement and Support Reserve	278,613
Vacation and Load Banking Reserve	0
Economic Uncertainties	428,351
Reserve for Contingencies – Personnel Commission	8,000
Total	\$ 7,241,018

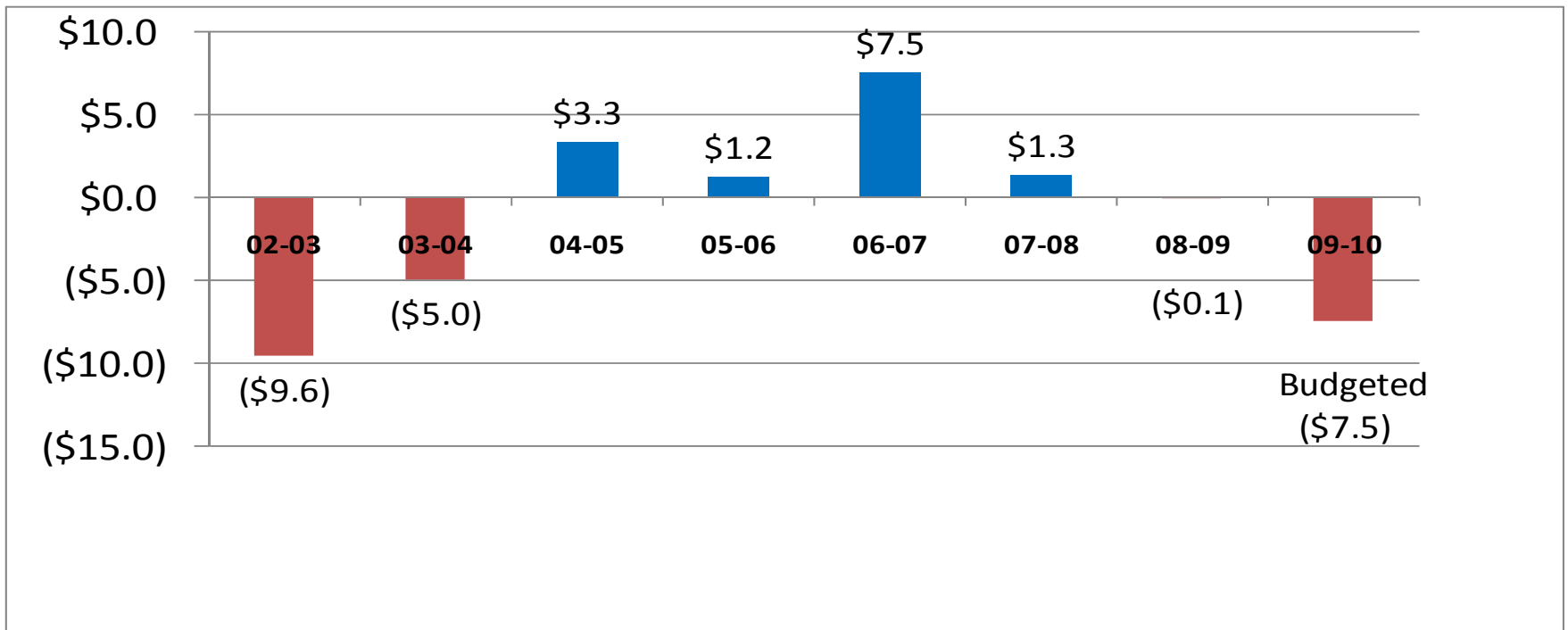
## Unrestricted General Fund 8-Year Trend Summary (in millions)

	02-03 Actual	03-04 Actual	04-05 Actual	05-06 Actual	06-07 Actual	07-08 Actual	08-09 Actual	09-10 Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	80.9%	80.3%	83.8%	84.7%	85.5%	85.2%	86.7%	85.6%
Surplus / (Deficit)	\$ (9.6)	\$ (5.0)	\$ 3.3	\$ 1.2	\$ 7.5	\$ 1.3	\$ (0.1)	\$ (7.5)
Ending Balance	\$ 6.6	\$ 1.6	\$ 4.9	\$ 6.1	\$ 13.6	\$ 14.9	\$ 14.7	\$ 7.2
Ending Balance as a % of Total Expenses & Other Outgo	6.8%	1.7%	5.5%	6.4%	12.9%	13.3%	13.1%	6.4%

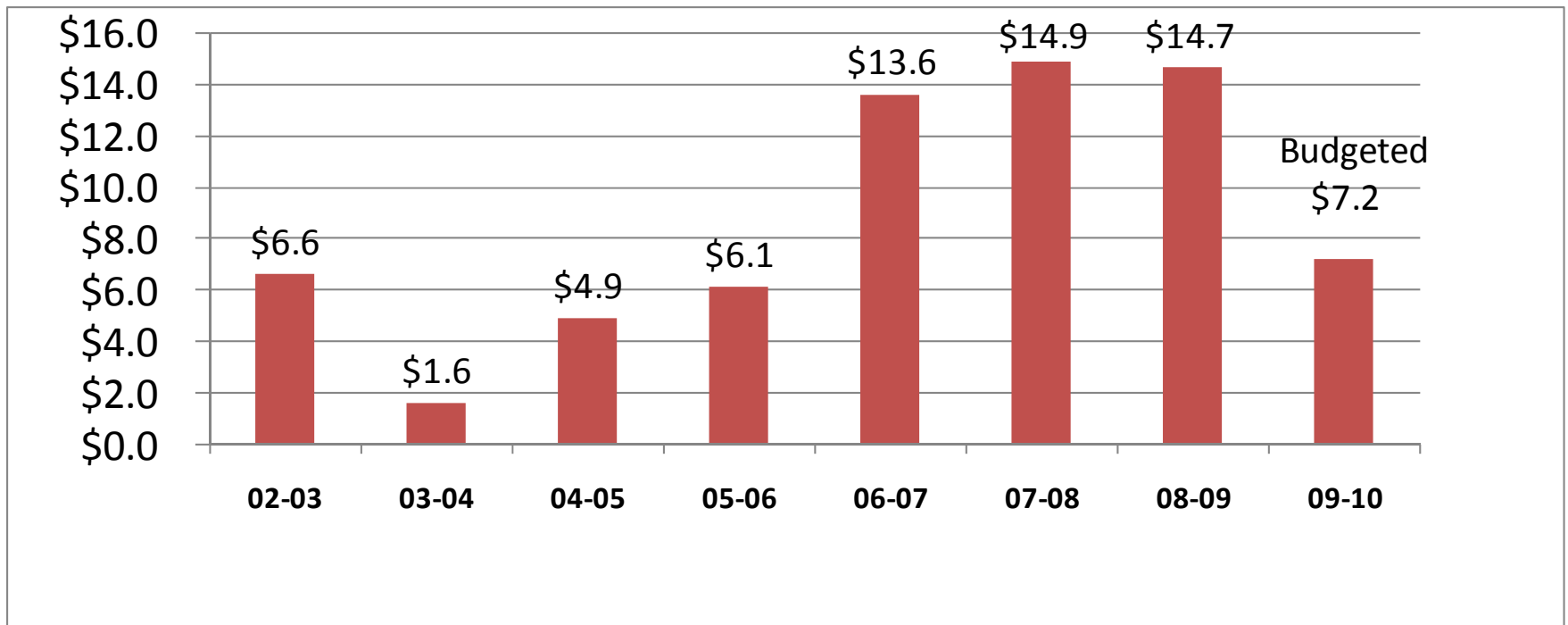
## Unrestricted General Fund 8-Year Trend Salaries & Benefits as a % of Total Expenditures & Other Outgo



## Unrestricted General Fund 8-Year Trend Surplus/(Deficit) (in millions)



## Unrestricted General Fund 8-Year Trend Ending Fund Balance



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## Unrestricted General Fund Breakdown between Discretionary and Fixed Budgets

	Adopted Budget 2009-10	Percentage of Total Adopted Budget
<b>Discretionary Budgets:</b>		
Academic Affairs	\$ 17,320,348	15.29%
Student Support Services	1,318,283	1.16%
Administrative Services	2,137,896	1.89%
PCC AVP	54,325	0.05%
Superintendent/President	401,885	0.35%
Econ. & Resource Dev.	8,120	0.01%
Human Resources	350,441	0.31%
<b>Total Discretionary Budgets</b>	<b>21,591,298</b>	<b>19.06%</b>
<b>Other Fixed Costs:</b>		
Academic Affairs	132,449	0.12%
Student Support Services	949,117	0.84%
Administrative Services	8,618,570	7.60%
PCC AVP	0	0.00%
Superintendent/President	0	0.00%
Econ. & Resource Dev.	0	0.00%
Human Resources	283,300	0.25%
<b>Total Other Fixed Costs</b>	<b>9,983,436</b>	<b>8.81%</b>
<b>Total Fixed Salary &amp; Benefits</b>	<b>81,690,684</b>	<b>72.13%</b>
<b>Total Expenditures</b>	<b>\$ 113,265,418</b>	<b>100.00%</b>

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## Unrestricted General Fund Breakdown of Discretionary Budgets

	Adopted Budget 2009-10	Percentage of Total Adopted Budget
<b>Hourly Salaries:</b>		
Academic Affairs	\$ 14,370,883	12.69%
Student Support Services	716,123	0.63%
Administrative Services	111,768	0.10%
PCC AVP	6,943	0.01%
Superintendent/President	58,415	0.05%
Econ. & Resource Dev.	0	0.00%
Human Resources	16,780	0.02%
<b>Total Hourly Salaries</b>	<b>15,280,912</b>	<b>13.50%</b>
<b>All Other Discretionary Budgets:</b>		
Academic Affairs	\$ 2,949,465	2.60%
Student Support Services	602,160	0.53%
Administrative Services	2,026,128	1.79%
PCC AVP	47,382	0.04%
Superintendent/President	343,470	0.30%
Econ. & Resource Dev.	8,120	0.01%
Human Resources	333,661	0.29%
<b>Total All Other Discretionary Budgets</b>	<b>6,310,386</b>	<b>5.56%</b>
<b>Total Discretionary Budgets</b>	<b>21,591,298</b>	<b>19.06%</b>



## State Categorical Programs – Impact of ARRA

	Adopted Budget 2009-10	State Certified 2009-10	Federal ARRA (28.46%)	Estimated Reduction Needed
BFAP	\$ 581,908	\$ 877,725	0	295,817
Cal WORKS	675,297	553,032	61,017	(61,248)
Basic Skills	328,527	255,960	28,241	(44,326)
Nursing Expansion Grant	150,280	169,591	18,711	38,022
DSPS	1,094,353	758,403	83,676	(252,274)
EOPS	1,198,837	1,057,798	116,709	(24,330)
CARE	192,980	170,277	18,787	(3,916)
TTIP	24,504	0	0	(24,504)
Childcare Tax Bailout	71,488	51,517	5,684	(14,287)
Part-Time Faculty Compensation	629,203	453,429	50,028	(125,746)
Matriculation	893,662	640,445	70,662	(182,555)
Non-Credit Matriculation	171,140	118,044	13,024	(40,072)
Staff Diversity	14,682	10,162	0	(4,520)
GAIN - TANF	158,722	129,259	0	(29,463)
<b>Total</b>	<b>\$ 6,185,583</b>	<b>\$ 5,245,642</b>	<b>466,539</b>	<b>(473,402)</b>

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## Future Budget Challenges

- Federal ARRA funds are one-time only
  - Latest information expects \$37 million of the \$130 million budgeted
- State revenue projections appear to be overstated. Structural deficit still not addressed at State level
- Cash flow concerns – State increasing apportionment deferrals
- Identifying means to minimize future deficit spending
- Maintaining new facilities with limited additional staff
- Strategically applying course section and program reductions

# Questions?

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