



Tentative Budget 2016-17

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

June 28, 2016



Overview

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- **BAC Planning Assumption Highlights**
- **FTES History and Projection**
- **List of All District Funds – Expenditures & Other Outgo**

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Overview (continued)

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State Budget Overview (Governor's Budget)

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- \$114.7 million (2%) in growth funding:
 - \$0 budgeted for LBCC due to flat or declining enrollment projections.
- \$0 (0%) COLA.
- \$75 million base allocation increase.
 - Approximately \$1.3 million for LBCC.
- \$200 million for Strong Workforce Program.
 - Proportional allocations to regions and colleges with LBCC's allocation to be determined.



State Budget Overview (continued)

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- \$2.3 million for Equal Employment Opportunity Fund.
 - Allocation methodology and estimate for LBCC is unknown at this time.
- \$5 million for Zero-Textbook Cost Degrees.
 - Competitive grants, unknown whether LBCC will apply.
- \$219.4 million for deferred maintenance/instructional equipment with no match requirement.
 - Approximately \$3.9 million for LBCC (\$3.4 million for scheduled maintenance and \$0.5 million for instr. equipment).



State Budget Overview (continued)

- No COLA for categorical programs (DSPS, EOPS, and CalWORKs).
- \$49.3 million in Proposition 39 Energy Efficiency and Renewable Generation funding.
 - About \$857,000 for LBCC.
- \$105.5 million to pay down Mandated Cost reimbursements to be allocated based on FTES.
 - \$1.9 million in one-time funding for LBCC. (\$9.4) million decrease from 2015-16.
- \$20 million for an Online Education Initiative.
 - LBCC estimate is unknown at this time.

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Board Goals

1. Continue to support the Student Success agenda by:

- Support of the college leadership in developing a new Educational Master Plan that specifically identifies student success goals and metrics including reducing time-to-completion and closing achievement gaps.
- Working with the College and community stakeholders to institutionalize the Promise Pathways Program.
- Support of the implementation of the Innovation Award in Higher Education goals for the expanded Long Beach College Promise partnership with the LBUSD, CSULB and the City of Long Beach.
- Support of legislative and policy initiatives that align with the goals of the Long Beach College Promise partnership with the LBUSD, CSULB and the City of Long Beach.

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Board Goals

(Continued)

2. Continue to support the Career Technical Education Workforce Development and Economic Development agendas to strengthen the regional economy by:

- Continuing to implement and expand programs for small businesses in greater Long Beach.
- Continuing to sustain and expand the Goldman Sachs 10,000 Small Businesses Program.
- Continuing to sustain and expand the Long Beach City College Innovation Fund So Cal.
- Working with the community to develop a greater Long Beach Innovation Hub and develop a thriving entrepreneurial ecosystem.
- Support of the development of new or revised CTE programs that align with local industry workforce needs and increase the number of internships related to those programs.

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Board Goals

(Continued)

3. Support programs to build a more collegial campus community by creating better relationships and communications among all campus stakeholders by:
 - Support of the implementation of a leadership development program for LBCC faculty and staff.
 - Expanding opportunities for interaction among the Board of Trustees and all campus stakeholders.
4. Allocate resources in a manner that is consistent with these Board Goals.

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Institutional Priorities

The top priority of the College is to enhance the infrastructure of the learning environment and support services to directly improve rates of course completion, progress through foundational skills sequences, and student attainment of academic credentials.

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

- A.** Focus resources to introduce or scale-up student success innovations that are supported by data showing promising preliminary results or demonstrated effectiveness.
- B.** Maintain fiscal stability:
 - Acquire and manage funding to support student success initiatives.
 - Acquire and manage funding to support equitable outcomes to close achievement gaps.
- C.** Analyze and dedicate resources that build effective organizational structures college-wide including:
 - Focus resources to implement Business Process Reviews and Design Thinking vetted recommendations.
 - Focus resources to continue analysis throughout other areas of the College.
- D.** Support effective integrations of technology in the learning and work environment.

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Resource Allocation towards Goals & Priorities

	Board Goals				Institutional Priorities			
	1. Student Success	2. Career Technical Education	3. Campus Community	4. Resource Allocation	A. Student Success Innovations	B. Fiscal Stability	C. College Review Resources	D. Tech Integration
Hiring 25 FT Faculty	√	√		√	√	√		
Computers for New Faculty	√			√				√
Restored/Created 21 Classified Positions (14.2 FTE)			√	√			√	√
Winter Intersession	√	√		√		√		
Technology Refresh - Multimedia	√	√		√	√			√
Instructional Equipment	√	√		√	√			√
Created 4 New Management Positions			√	√			√	√
Business Process Review	√			√			√	√

Resource Allocation towards Goals & Priorities (continued)

	Board Goals				Institutional Priorities			
	1. Student Success	2. Career Technical Education	3. Campus Community	4. Resource Allocation	A. Student Success Innovations	B. Fiscal Stability	C. College Review Resources	D. Tech Integration
Design Thinking	√			√			√	√
LEAD Academy			√	√			√	
SBDC		√	√			√		
TAACCCT Grant	√	√				√		
Goldman Sachs 10K Small Businesses		√				√		
CCPT AMETLLC Consortium	√	√				√		√
Innovation Fund SoCal		√						
Award for Innovation in Higher Education	√	√	√	√	√	√		√
CA Career Pathways Trust	√	√			√	√		√
Student Equity & SSSP	√		√	√	√	√		

Resource Allocation towards Goals & Priorities (continued)

Mandated Cost Allocations	Board Goals				Institutional Priorities			
	1. Student Success	2. Career Technical Education	3. Campus Community	4. Resource Allocation	A. Student Success Innovations	B. Fiscal Stability	C. College Review Resources	D. Tech Integration
• Scheduled Maintenance Projects				√		√		
• Website Design & Implementation			√	√			√	√
• Professional Development	√	√	√	√	√		√	
• Communication Plan Implementation			√	√			√	
• Title IX Compliance Implementation	√		√	√		√		
• Strategic Plan Implementation	√	√	√	√	√	√	√	√



BAC Budget Assumption Highlights

- There will be potential budget redirections in response to both the State's budget impact and the priority as identified by the College Planning Committee (CPC).
- FTES funded and total target is 20,775.
- A 0.5% deficit factor will be included to offset possible shortfall from apportionment revenues.
- Total Cost of Ownership – principles shall be employed in department planning and budgeting processes.

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BAC Budget Assumption Highlights (Continued)

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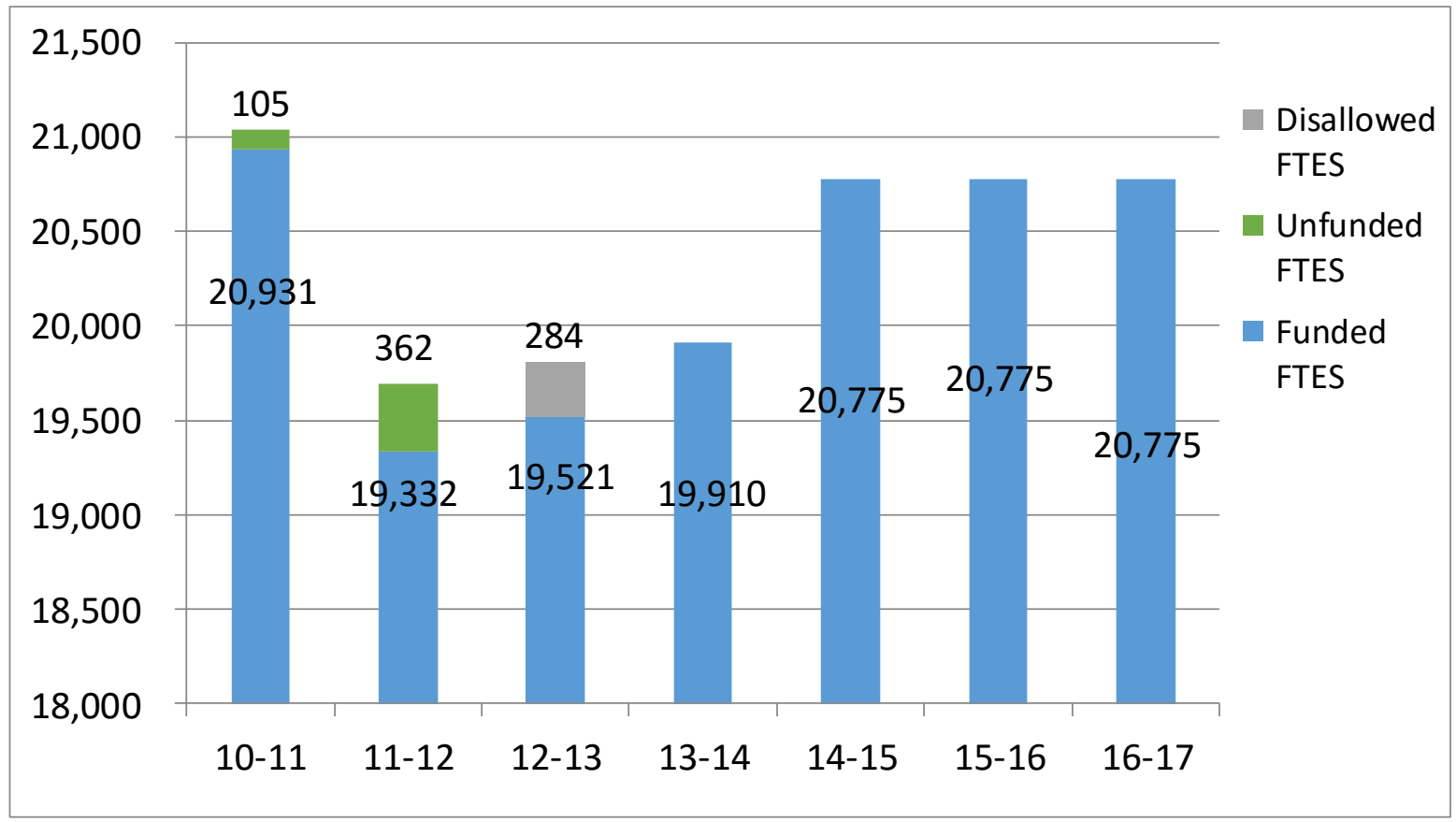
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- Maintain a 5.5% minimum unrestricted reserve.
 - Institutional Effectiveness Fund Balance goal set at 15% (short-term goal is 12.5%).
- Load Banking and Vacation Liability Reserves – \$2.8 million.
- Benefit costs changes:
 - STRS increased by 1.85%. \$905,000
 - PERS increased by 2.041%. \$630,000
 - Retiree Benefits – Annual Required Contribution (ARC) increased \$2.4 million.



FTES History and Projection



Total 21,036	Total 19,694	Total 19,805	Total 19,910	Total Recal 20,775	Total P-2 20,775	Total Budget 20,775
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List of Funds – Expenditures & Other Outgo (in millions)

	Adopted Budget 2015-16	Estimated Actual 2015-16	Tentative Budget 2016-17
Unrestricted General Fund	\$ 130.8	\$ 134.5	\$ 133.3
Restricted General Fund	44.6	36.3	38.7
Capital Projects Fund	13.6	5.5	13.7
Child & Adult Development Fund	1.7	1.8	1.8
Contract/Community Education Fund	0.9	0.6	1.4
General Obligation Bond Fund	185.5	18.8	167.3
Retiree Health Fund	3.3	3.3	3.6
Self-Insurance Fund	2.2	2.4	1.2
Student Financial Aid	53.1	53.8	53.8
Vet Stadium Operations	1.3	1.8	1.8
Total	\$ 437.0	\$ 258.8	\$ 416.6

Unrestricted General Fund Overall Summary

	Estimated Actual 2015-16	Tentative Budget 2016-17	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$134,285,692	\$124,205,324	(\$ 10,080,368)
Expenditures and Other Outgo	134,460,801	133,285,635	(1,175,166)
Surplus/(Deficit)	(175,109)	(9,080,311)	(8,905,202)
Fund Balance	\$ 25,431,687	\$ 16,351,376	(\$ 9,080,311)



Deficit Analysis

- Of the (\$9.1) million budget deficit in the 2016-17 Tentative Budget, \$6.8 million is one-time expenditures including:

2016-17 One-Time Expenditures	
○ Business Process Reviews and Design Thinking	\$ 5,510,000
○ Mandated Cost Carryover from 2015-16	1,213,000
○ Classification Study	50,000
Total	\$ 6,773,000

- The remaining \$2.3 million of the deficit is a structural deficit, related to ongoing expenditures.

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Unrestricted General Fund Revenue Summary

	Estimated Actual 2015-16	Tentative Budget 2016-17	Change Increase/ (Decrease)
Federal	\$ 119,000	\$ 119,000	\$ 0
Apportionment	112,533,616	111,863,363	(670,253)
Other State	18,096,489	8,716,152	(9,380,337)
Local	3,197,718	3,178,966	(18,752)
Other Sources	338,869	327,843	(11,026)
Total	\$134,285,692	\$124,205,324	(\$ 10,080,368)



Major Revenue Changes in 2016-17

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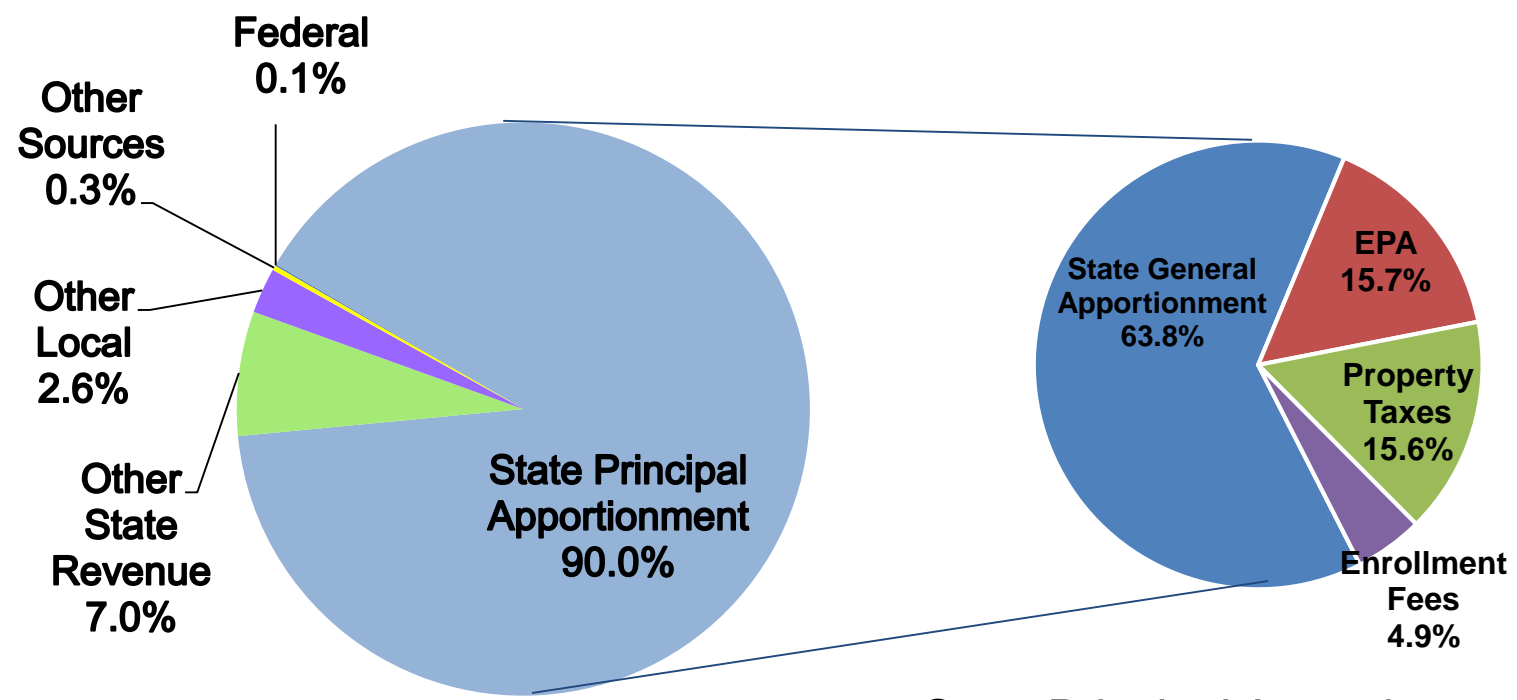
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- **Apportionment** – (\$0.7) million decrease is the net of:
 - (\$1.99) million decrease due to prior year apportionment recalc revenue.
 - \$1.32 million increase to base allocation.
- **Other State Revenue** – (\$9.4) million decrease due to:
 - (\$9.4) million decrease in one-time allocation of Mandated Cost Revenue.



Unrestricted General Fund Budgeted Revenue 2016-17 \$124,205,324



State Principal Apportionment
\$111,863,363

Unrestricted General Fund Expenditure Summary

	Estimated Actual 2015-16	Tentative Budget 2016-17	Change Increase/ (Decrease)
Academic Salaries	\$ 51,725,262	\$ 51,450,284	(\$ 274,978)
Classified Salaries	25,311,971	27,154,739	1,842,768
Benefits	33,679,179	34,953,897	1,274,718
Supplies	864,755	858,989	(5,766)
Services	9,941,329	15,700,401	5,759,072
Capital Outlay	3,700,278	1,907,325	(1,792,953)
Other Outgo	9,238,027	1,260,000	(7,978,027)
Total	\$ 134,460,801	\$ 133,285,635	(\$ 1,175,166)



Major Expenditure Changes in 2016-17

- **Academic Salaries** – the (\$0.3) million decrease is the net of the savings due to the retirements of over 30 full-time faculty, less increases from the hiring of 25 new full-time faculty, 2 new academic managers, and the effect of salary schedule restructuring.
- **Classified Salaries** – \$1.8 million increase is due mainly to the restoration of certain previously reduced positions (1.2 FTE – 6 positions), the creation of new positions (13.01 FTE – 15 classified positions; 2 classified management positions), step & column increases, salary increases, and the assumption that vacancies will be filled.
- **Total Benefits** – \$1.3 million increase due to the increase in positions and increases to certain benefit rates, most notably the 1.85% for STRS, the 2.041% for PERS, and early retirement incentives of \$0.5 million.

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Major Expenditure Changes in 2016-17 (continued)

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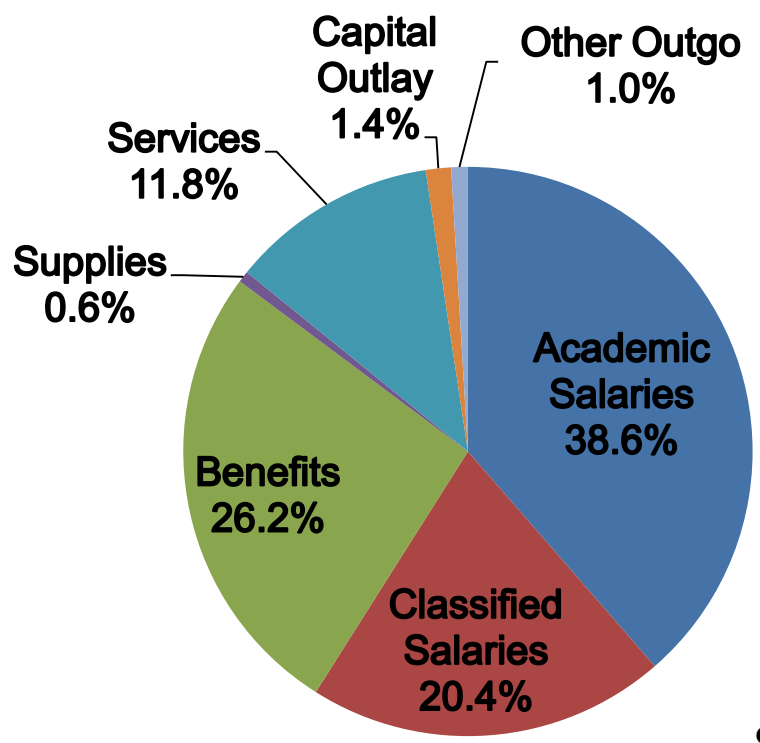
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- **Contract Services and Operating Expenses** – \$5.8 million increase is due mainly to the following items: \$4.4 million for business process review and design thinking implementation work; \$0.4 million increase to utility budgets; and \$1.5 million net increase in various other accounts including \$0.4 million carryover of Mandated Cost revenue for Strategic Plan, Communication Plan, professional development, and web design and implementation.
- **Capital Outlay** – (\$1.8) million decrease is due mainly to the reduction in one-time expenditures for technology refresh and instructional equipment funded by the Mandated Cost revenue augmentation.
- **Other Outgo** – (\$8.0) million decrease is due to the \$7.1 million one-time transfer in 2015-16 to the Capital Outlay Fund for Mandated Cost projects, which will not be repeated in 2016-17; and the \$0.8 million decrease in transfers to the Self-Insurance fund.



Unrestricted General Fund Budgeted Expenditures 2016-17 \$133,285,635



Salaries & Benefits 85.2%

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

	10-11 Actual	11-12 Actual	12-13 Actual	13-14 Actual	14-15 Actual	15-16 Estimated Actual	16-17 Tentative Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	88.3%	89.0%	89.0%	85.0%	88.9%	82.3% 89.0%*	85.2% 87.2%*
Surplus / (Deficit)	\$4.6	(\$3.3)	\$2.4	\$4.0	\$4.4	(\$0.2)	(\$9.1)
Ending Balance	\$18.1	\$14.8	\$17.2	\$21.2	\$25.6	\$25.4	\$16.3
Ending Balance as a % of Total Expenses & Other Outgo	17.4%	14.2%	17.7%	20.6%	24.0%	18.9%	12.3%

*Percentage of Total Expenses and Other Outgo excluding one-time expenses related to Mandated Cost revenue (current year and carryover allocations).



Future Budget Challenges

- **Enrollment:**
 - Flat to declining enrollment is projected for 2015-16 and 2016-17.
 - Stabilization is expected one of these years depending on the strength of summer 2016 enrollment.
- **BOGG Waiver Eligibility:**
 - Stricter eligibility requirements in 2016-17 could reduce enrollment further.
- **Retiree Benefits Obligations:**
 - Other post-employment benefits (OPEB) liabilities for future retiree health benefits have increased sharply.
 - ARC is \$5.2 million (86% increase).
 - \$44.4 million Unfunded Actuarial Accrued Liability (UAAL).

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Future Budget Challenges

(continued)

- **Sunset of Proposition 30 Revenues:**
 - We received \$17.5 million from Proposition 30 in 2015-16.
 - Approximately 21% from Sales Tax.
 - 79% from Income Tax.
 - Sales tax increase terminates at the end of 2016.
 - Income tax increase terminates at the end of 2018.
- **State Pension Obligations:**
 - Employer Contributions scheduled to increase each year over the next five years.
 - STRS – 19.10% by 2020-21.
 - PERS – 20.40% by 2020-21.

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STRS & PERS Future Employer Rates

Fiscal Year	STRS		PERS	
2015-16	10.73%		11.85%	
2016-17	12.58%		13.89%	
2017-18	14.43%	\$ 933,000	16.60%	\$ 881,000
2018-19	16.28%	933,000	18.20%	520,000
2019-20	18.13%	933,000	19.90%	552,000
2020-21	19.10%	489,000	20.40%	162,000
Total		\$ 3,288,000		\$2,115,000

Rates are from the July 2015 Chancellor's Office Accounting Advisory and subsequent updates. Employer contribution increase estimates are based on total covered salary estimates from the 2016-17 Tentative Budget.

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Questions?