Budget Forum
2010-11

Presented by:
Ann-Marie Gabel
Vice President, Administrative Services
March 2010
Overview

- What is the General Fund?
- FTES History and Projection
- Unrestricted General Fund Trends
- Adopted Budget 2009-10
- Projected Ending Fund Balance 2009-10
  - Breakdown between Fixed Costs and Discretionary Costs
- Future Budget Challenges
What is the General Fund?

- The General Fund is comprised of two separate and distinct funds:
  - **Unrestricted General Fund** – this is the fund used for normal operations of the district.
  - **Restricted General Fund** – this is the fund used for grants, categorical programs, and sources restricted by law.
What is the General Fund?

(continued)

General Fund revenues include:

- **Unrestricted General Fund**
  - FTES Revenue (92%)
  - Lottery Revenue (2%)
  - Non-Resident Tuition Fees (3%)
  - Interest and Other Fees

- **Restricted General Fund**
  - EOPS, DSPS, Matriculation, Title V, Parking Permits, Health Service Fees, etc.
  - Revenues received must be spent on the specific purpose identified.
What is a FTES?
- FTES is a **Full-Time Equivalent Student**
- We get paid on 3 different levels for FTES
  - Credit - $4,564.83 per FTES
  - Enhanced Non-Credit - $3,232.07 per FTES
  - Non-Credit - $2,744.96 per FTES

Why are they important?
- Generates approximately 92% of our revenue
FTES History and Projection (continued)

- 06-07: 21,268
- 07-08: 21,499
- 08-09: 21,499
- 09-10: 20,457 (P-1 Total 21,022)
- 20,457 (Target)

Legend:
- Red: Unfunded FTES
- Blue: Funded FTES
# Unrestricted General Fund Trends

## Comparison of Budget vs. Actual

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Expenditures</th>
<th>% Variance Favorable/ (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>$109,319,155</td>
<td>105,211,231</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$113,764,580</td>
<td>104,092,281</td>
<td>3.91%</td>
</tr>
<tr>
<td>2007-08</td>
<td>111,407,347</td>
<td>112,594,855</td>
<td></td>
</tr>
<tr>
<td></td>
<td>111,641,662</td>
<td>111,580,188</td>
<td>0.21%</td>
</tr>
<tr>
<td>2008-09</td>
<td>112,135,452</td>
<td>117,502,242</td>
<td></td>
</tr>
<tr>
<td></td>
<td>112,581,894</td>
<td>112,715,507</td>
<td>0.40%</td>
</tr>
</tbody>
</table>
Unrestricted General Fund Revenue and Expenditures Trends

- **Revenue**
  - 06-07: $104.1
  - 07-08: $111.6
  - 08-09: $112.7
  - 09-10: $113.8
  - 10-11 Projection: $115.3

- **Expenditures**
  - 06-07: $113.8
  - 07-08: $111.6
  - 08-09: $112.6
  - 09-10: $106.3
  - 10-11 Projection: $105.0
Unrestricted General Fund
8-Year Trend Ending Fund Balance and Surplus/(Deficit)

<table>
<thead>
<tr>
<th>Year</th>
<th>Ending Fund Balance</th>
<th>Surplus/(Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>02-03</td>
<td>$6.6</td>
<td>($9.6)</td>
</tr>
<tr>
<td>03-04</td>
<td>$1.6</td>
<td>($5.0)</td>
</tr>
<tr>
<td>04-05</td>
<td>$3.3</td>
<td>$1.2</td>
</tr>
<tr>
<td>05-06</td>
<td>$4.9</td>
<td>$6.1</td>
</tr>
<tr>
<td>06-07</td>
<td>$7.5</td>
<td>$13.6</td>
</tr>
<tr>
<td>07-08</td>
<td>$1.3</td>
<td>$14.9</td>
</tr>
<tr>
<td>08-09</td>
<td>$7.2</td>
<td>$14.7</td>
</tr>
<tr>
<td>09-10</td>
<td>$7.2</td>
<td>Budget ($7.5)</td>
</tr>
</tbody>
</table>

Surplus/(Deficit)
Ending Fund Balance
Unrestricted General Fund 8-Year Trend
Salaries & Benefits as a % of Total Expenditures & Other Outgo

- 2002-03: 80.9%
- 2003-04: 80.3%
- 2004-05: 83.8%
- 2005-06: 84.7%
- 2006-07: 85.5%
- 2007-08: 85.2%
- 2008-09: 86.7%
- Budgeted: 85.6%
## Adopted Budget Overall Summary

### Budget Forum
- **2010-11**
- **March 2010**

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

<table>
<thead>
<tr>
<th></th>
<th>Current Budget 2009-10</th>
<th>Projected Balance 2009-10</th>
<th>Variance Favorable/ (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues and Other Financing Sources</td>
<td>$ 106,235,197</td>
<td>$ 106,131,027</td>
<td>$(104,170)</td>
</tr>
<tr>
<td>Expenditures and Other Outgo</td>
<td>113,769,275</td>
<td>113,846,650</td>
<td>(77,375)</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>(7,534,078)</td>
<td>(7,715,623)</td>
<td>(181,545)</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>$ 7,214,801</td>
<td>$ 7,033,256</td>
<td>$(181,545)</td>
</tr>
</tbody>
</table>
# Breakdown of Fixed Costs vs. Discretionary Costs Summary

<table>
<thead>
<tr>
<th>Breakdown</th>
<th>Projected Year-End 2009-10</th>
<th>Percentage of Projected Year-End</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Costs:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Academic Salaries</td>
<td>32,027,658</td>
<td>28.13%</td>
</tr>
<tr>
<td>Total Classified Salaries</td>
<td>24,871,902</td>
<td>21.85%</td>
</tr>
<tr>
<td>Benefit Costs</td>
<td>24,034,774</td>
<td>21.11%</td>
</tr>
<tr>
<td>Total Other Fixed Costs</td>
<td>10,923,352</td>
<td>9.59%</td>
</tr>
<tr>
<td><strong>Total Fixed Costs</strong></td>
<td><strong>91,857,686</strong></td>
<td><strong>80.68%</strong></td>
</tr>
<tr>
<td><strong>Discretionary Costs:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Discretionary Hourly Salaries</td>
<td>15,677,198</td>
<td>13.77%</td>
</tr>
<tr>
<td>Total Other Discretionary Costs</td>
<td>6,311,766</td>
<td>5.54%</td>
</tr>
<tr>
<td><strong>Total Discretionary Costs</strong></td>
<td><strong>21,988,964</strong></td>
<td><strong>19.31%</strong></td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td><strong>113,846,650</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>
Future Budget Challenges

Projected $2.51 million increase in Operating Deficit, consisting of the following revenue losses and expenditure increases:

- **Revenue Losses total $1.09 million:**
  - Loss of Federal ARRA funds - $518,000
  - Negative 0.38% COLA - $378,000
  - Loss of Interest Income - $14,000
  - Decrease in Part-Time Faculty Compensation - $182,000
Future Budget Challenges (continued)

- Projected Increase in Expenditures totals $1.42 million
  - Increase in Health Benefits - $527,000
  - Increase in Step and Column - $839,000
  - Increase in PERS Rate from 9.709% to 10.2% - $221,000
  - Increase in SUI Rate from 0.3% to 0.72% - $205,000
Future Budget Challenges (continued)

- Projected Increase in Expenditures totals $1.42 million (continued)
  - Increase in Other Services (audit, LBPD, Software) - $190,000
  - Increase in Utilities - $356,000
  - Decrease in Election Costs - $(450,000)
  - SERP Savings - $(350,000)
  - Dependent Audit Savings - $(119,000)
## Future Budget Challenges

### Overall Summary

<table>
<thead>
<tr>
<th></th>
<th>Projected Balance 2009-10</th>
<th>Projected Budget 2010-11</th>
<th>Variance Favorable/ (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues and Other Financing Sources</td>
<td>$106,131,027</td>
<td>$105,039,412</td>
<td>$(1,091,615)</td>
</tr>
<tr>
<td>Expenditures and Other Outgo</td>
<td>113,846,650</td>
<td>115,265,597</td>
<td>(1,418,947)</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>$(7,715,623)</td>
<td>$(10,226,185)</td>
<td>(2,510,562)</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>$7,033,256</td>
<td>$(3,192,929)</td>
<td>$(10,226,185)</td>
</tr>
<tr>
<td>Expenditure reduction needed to meet 5.5% Reserve</td>
<td></td>
<td>$9,532,537</td>
<td></td>
</tr>
</tbody>
</table>
Future Budget Challenges (continued)

- Identifying means to reduce expenditures by $9.5 million in 2010-11
  - Maintain 5.5% reserve as required by Board policy

- Strategically applying course section and program reductions
  - Eliminating unfunded FTES

- Cash flow concerns – State continuing $703 million apportionment deferrals with a lower ending fund balance
  - $18 million in delayed receipt of cash for us
Future Budget Challenges
(continued)

- Categorical cuts from 2009-10 will continue plus a negative 0.38% COLA
  - Over $4.4 million in cuts for LBCC already incurred during 2009-10
- Proposal to reduce EOPS funding by another $10 million statewide
  - Approximates $166,000 for LBCC
Future Budget Challenges

(continued)

Challenges with State Budget

- The $19.9 billion structural deficit for fiscal years 2009-10 and 2010-11 is not addressed at State level
- Assumes $6.9 billion in Federal funds
- Extends temporary tax increases imposed during 2009-10
- Proposes elimination of state tax on gas and substitute it with an increase in excise tax
- State projecting budget deficits in each of the next 3 years
Questions?

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