



Budget Advisory Committee
Minutes
 April 17, 2017
 Meeting

Approved

ATTENDANCE (A = absent):

| | | | | | |
|---|------------------|---|------------------|---|----------------|
| ✓ | Chris Carter | ✓ | Elizabeth Miller | ✓ | Eva Bagg |
| ✓ | Cindy Baker | ✓ | Sara Blasetti | ✓ | Lou Anne Bynum |
| ✓ | Sem Chao | A | Cathy Crane | A | Sheila Daniels |
| ✓ | Rose DelGaudio | ✓ | Thomas Hamilton | A | James Henchey |
| ✓ | Karen Kane | A | Terri Long | ✓ | Greg Peterson |
| ✓ | Seth Ramchandran | A | Adrianna Scott | A | Mollie Smith |
| ✓ | John Thompson | | | | |

NOTE TAKER: Janet Falcon

Welcome (Chris)

- Chris welcomed everyone to the meeting.

Approval of Minutes (Chris)

- The minutes of the March 27, 2017 meeting were approved as submitted with the following discussion. Betty noted the minutes include subsequent notes giving specific answers to questions asked in the March 27, 2017 meeting. Budget Assumption Sections V – B for COLA and VII – D Health and Welfare contain subsequent notes for those items.
- Betty drew attention to Section V – F for block grant money for instructional equipment and scheduled maintenance. Betty recommends to split the funds equally between the two categories. The committee agreed to split the funds equally between instructional equipment and scheduled maintenance. Lou Anne asked about the process for available funds to be spent on instructional equipment. John and Eva responded the Deans start by requesting items in their Department Plans. There are several areas available for these items including block grants and redevelopment funds.
- Thomas asked about the Reserve amounts and questioned the spending of \$10 million. Betty responded this amount was part of the Adopted Budget. Betty commented the District has a structural deficit where the expenses are larger than the revenue. According to last year actual numbers, Salaries and Benefits, without using one-time funds in the equation, compose 89% of expenses and 82% including one-time funds. Thomas is concerned about using Reserves on faculty salaries but not for Classified restoration. Betty stated the salaries are a large portion of the budget and has reviewed the Faculty Obligation Number (FON). The 2016-17 Adopted Budget shows a line item in Reserves for Full-Time Faculty. The District is aware this is an ongoing obligation, but it has been listed in assigned reserves as a reminder of the significant hiring in recent years and the related budget obligation for the upcoming year. Betty commented on the hiring of new faculty vs. not hiring new faculty and being charged a FON penalty. The District is hopeful with hiring new faculty this will energize academic programs and increase enrollment. John reminded the committee there were several years where the State froze the FON penalty and therefore the District didn't have to meet that obligation or pay the penalty while it was frozen. However, penalties were assessed when the freeze was lifted.

IE Fund Balance Goals (John and Eva)

(Refer to “Institutional Effectiveness Indicator Rates – Long Beach CCD”, “Government Finance Officers Association – Appropriate Level of Unrestricted Fund Balance in the General Fund”, “Community College Update”, and the letter from Erik Skinner handouts)

- John reviewed the Institutional Effectiveness Goals.
 - John and Eva discussed the Institutional Effectiveness (IE) Fund Balance Goals. This is the third year the District has been required to set goals. There are several new metrics that have been implemented; however, the District is not required to set those goals at this time. For 2017-18, the District is required to answer information regarding the Fund Balance and Audit Findings.
 - As stated in the handout from the Government Finance Officers Association, it is recommended for the reserves to be no less than two months of regular general fund operating revenues or regular general fund operating expenditures.
 - John reminded the group the Board requirement of 5.5% is included in these percentages.
 - The IE Fund Balance is a requirement for 2017-18 as part of the IE goals framework and 2017-18 college IE goals. The requirement includes a one-year goal as well as a six-year goal. The six-year goal for 2016-17 was 15% and 12.5% for the one-year goal.
 - It was agreed by consensus to recommend the 2017-18 Fund Balance Goals were suggested to rollover at 12.5% for the short-term goal and 15.0% for the long-term.
 - The Audit Findings Goals were recommended to be “Yes” for each question.
 - Thomas asked for clarification of the short-term goal. Betty confirmed the short-term goal is being recommended to stay at 12.5% for 2017-18. The 15% goal for long-term would be established to reach over the next several years. Thomas recommended the BAC to vote on the matter; however Betty said this committee can only make recommendations.
 - Seth asked for confirmation of the State mandated percentage of Reserves. John replied the minimum is 5%. Seth inquired about the FTES rate comparisons between, K-12, CSUs, UCs, and Community Colleges. He wonders why community colleges are paid the least and why there isn’t a push to make the rates more equivalent. Betty said the District falls under Prop 98 in regards to the percentage and that the community colleges have not historically been funded at the percentage the original legislation anticipated. It is in our best interest to receive on-going funds rather than one-time funds. Prop 98 was intended to be a minimum guarantee; however, the funds available have been treated more of a maximum and have not been reached on a continued basis.
- The committee agreed to recommend to CPC the one-year goal of 12.5%; 15% for the six-year goal; and “Yes” for the three Audit questions indicating our desire to have clean audit opinions and zero findings on our audits.

Enhanced Noncredit Funding (Betty)

(Refer to “Community College Update” handout)

- Betty discussed Enhanced Noncredit Funding.
 - Enhanced noncredit classes are currently funded at the credit rate. The Legislative Analyst’s Office (LAO) is suggesting this type of funding may be lowered in the future. Betty cautioned the District to be mindful of this topic in the future.

State Budget Update (Betty)

(Refer to "Community College Update" handouts)

- Betty discussed the information the District has received regarding the State Budget Update including the following highlights:
 - CalSTRS rates will go up for districts and ultimately employees. Karen confirmed this is not a bargaining issue. Betty and Rose both agreed. Rose commented medical contributions are negotiated. The CalSTRS topic is a concern for future budgets.

Other (Chris) –

- As this meeting was Betty's last meeting while serving as the Interim Vice President of Administrative Services, she thanked the committee and appreciated the input from everyone. Several committee members acknowledged her work for the college and the committee.
- Thomas discussed low enrollment and suggested a program to get citizens of Long Beach to return back to LBCC. He proposed a free year of college. Betty said the Promise program is available for students to receive one year free. She continued the apportionment funds the District receives is taxpayer money and cannot be used to pay tuition. Betty said if there was a source that is not taxpayer money, the District could offer a program like that.
- Greg announced the District was required to implement in Fall 2016 a Loss of BOG Fee Waiver requirement based upon the student's progress or successful completion. Students would need to be notified if they were ineligible. There was a change in the Student Success Act that now requires districts to implement the changes. The new requirements were unfortunately not implemented and there were students that received a BOG waiver that did not meet the requirements. The District is assessing the situation and there will be a penalty assessed by the Chancellor's Office.
- Thomas inquired about the new website and if Reserves were being used to pay for the services. He is concerned the funds are still being spent on the new website. Greg announced the online application for mobile devices for registration is scheduled to be released this summer for fall registration. There are several issues that have been identified and progress is being made.
- Seth asked for clarification about the Loss of BOG Fee Waiver. He asked if the delay was because the District doesn't receive grades from other colleges in a timely manner. Greg responded staff manually removed the indication for the BOG fee waiver and it was updated automatically each night essentially making all students available for the fee waiver.

Meeting adjourned at 4:23 pm.

Next Meeting: Monday, May 15th at LAC – T-1046 at 3:00 pm