



Budget Advisory Committee
Minutes
 June 20, 2016
 Meeting

Approved

ATTENDANCE (A = absent):

✓	Ann-Marie Gabel	✓	Chris Carter
✓	Eva Bagg	✓	Cindy Baker
✓	Lou Anne Bynum	✓	Sem Chao
A	Sheila Daniels	A	Rose DelGaudio
✓	Thomas Hamilton	A	James Henchey
A	Dina Humble	A	Karen Kane
A	Wendy Koenig	✓	Terri Long
✓	Greg Peterson	✓	John Thompson

NOTE TAKER: Janet Falcon

Welcome (Chris)

- Chris welcomed everyone to the meeting.

Approval of Minutes (Chris)

- The minutes of the May 16, 2016 meeting were approved as submitted.

Apportionment Calculation (John)

(Refer to “Apportionment Calculation – Budget 2016-17 Tentative Budget Estimate (3-Year Comparison)” handout)

Apportionment Calculation – Budget	2015-16 P-1 Apr Rev Amount	2016-17 Tentative Budget Amount	Change from 2015-16 Amount
Total Base Revenue	108,577,601	112,425,490	3,847,889
COLA (1.02/0.00/-1.02%)	1,107,492	0	(1,107,492)
Restoration/Growth	281,248	0	(281,248)
Full-Time Faculty Hiring	1,136,889		(1,136,889)
Total Computational Revenue	111,103,229	112,425,490	1,322,261
Deficit Factor (0.50/0.50/0.00%)	(555,516)	(562,127)	(6,611)
Adjusted Computational Revenue	110,547,714	111,863,363	1,315,648

- John reviewed the Apportionment Calculation comparing the 2015-16 P-1 April Revision to the 2016-17 Tentative Budget.

Tentative Budget FY 2016-17 (John)

(Refer to “Tentative Budget 2016-17” PowerPoint presentation and “Tentative Budget FY 2016-2017”)

- John indicated the numbers in the Tentative Budget are based on the Governor’s Budget from January with changes from the Governor’s May Revise.
- Tentative Budget going to the Board on June 28, 2016 for approval.
- John reviewed the Tentative Budget for the fiscal year 2016-17 PowerPoint presentation; listed below are the highlights:
 - State Budget Overview:
 - \$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.
 - \$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 instructional equipment).
 - 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.
 - Board Goals & Institutional Priorities
 - Goals and priorities were reviewed along with a grid linking major budget allocations to specific goals and priorities.
 - 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	<u><u>\$6,773,000</u></u>

Tentative Budget FY 2016-17 (John) (continued)

- The remaining \$2.3 million of the deficit is a structural deficit, related to ongoing expenditures.
- The highlights from the Tentative Budget Unrestricted Fund (UGF) include:
 - The total budgeted revenue for 2016-17 is \$124,205,324.
 - The Operating Deficit for 2016-17 is (\$9,080,311) and an Ending Fund Balance of \$16,351,376.
- Major UGF Revenue Change highlights:
 - 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.
- Major UGF Expenditure Changes highlights:
 - 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.
 - 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.
- The highlights from the Tentative Budget Restricted General Fund include:
 - The total budgeted revenue for 2016-17 is \$39,067,646.
 - The revenue section lists all of our federal, state and local grants and breaks out prior year carryover amounts.

Tentative Budget FY 2016-17 (John) (continued)

- 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).
 - 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.
- There was a brief discussion about the extension of Prop 30 on the November ballot. If there are any changes, this would more than likely happen in the 2017-18 budget.

State Budget Update (Ann-Marie)

(Refer to “Community College Update”, “Community College League of California”, and Chancellor’s Office Updates handouts)

Ann-Marie briefly discussed the State Budget providing an update on the budget approved by the Legislature.

- Enrollment growth is 2%; however, we are not budgeting for growth in 2016-17.
- Student Success and Support Program (SSSP) – No augmentation
- Workforce & CTE Pathways - \$248 million; it is not known how much LBCC will receive. The allocations will probably not be available until this fall.
- Base Augmentation - \$75 million
- Categorical Programs - \$8.7 million for CalWORKS
- Full-Time Faculty - \$62.3 million
- Part-Time Faculty Office Hours – LBCC does not offer
- Fund for Student Success (PUENTE, MESA) - \$2.4 million
- Basic Skills - \$30 million; however, LBCC did not apply for a grant in 2015-16 so there are no funds available for 2016-17. We will be able to apply for funds in 2017-18 and there will be changes to the calculations.
- Outreach - \$2.5 million

Tentative Budget FY 2016-17 (John) (continued)

One-Time Funds

- Innovation Awards - \$25 million; revised to focus on equity, financial aid, and technology.
- Promise Programs - \$15 million; one-time based on AB 1741
- Online Education Initiative - \$20 million grant for faculty developing curriculum for an online degree.
- Deferred Maintenance & Instructional Equipment - \$184 million with no match requirement.

Other (Chris) - None

Meeting adjourned at 4:25 pm.

Next Meeting: Wednesday, September 7th at LAC T-1046 at 3:00 pm