



Budget Advisory Committee
Minutes
 September 6, 2017
 Meeting

Approved

ATTENDANCE (A = absent):

✓	Chris Carter	✓	Ann-Marie Gabel	✓	Cindy Baker
✓	Sara Blasetti	✓	Sem Chao	A	Cathy Crane
A	Sheila Daniels	A	Rose DelGaudio	A	Thomas Hamilton
A	James Henchey	A	Anthony Moguel Jr.	A	Nash Nyra
✓	Jorge Ochoa	✓	Seth Ramchandran	✓	Kathy Scott
✓	John Thompson				

NOTE TAKER: Janet Falcon

Welcome (Chris)

- Chris welcomed everyone to the meeting and introductions were made. New members were welcomed to the meeting.

Approval of Minutes (Chris)

- The minutes of the June 5, 2017 meeting were approved as submitted.

FTES Analysis – Annual 2016-17 (John)

(Refer to “FTES Analysis” handout for 2016-17)

- John discussed the 2016-17 FTES Analysis.
 - The target for 2016-17 was 20,775.58. The actual annual amount was 21,075.96.
 - The strategy of borrowing an additional 300.38 FTES from Summer 2017 gives the District additional growth money in the amount of approximately \$1.6 million.
 - Chris asked if we are supposed to maintain the 20,775 as a minimum in order to not go back into stabilization. John responded this resets our base to 21,076. Ann-Marie added the District will more than likely be in stabilization for 2017-18 and then will try to achieve 21,076 in 2018-19 so we don't lose any funding.
 - Seth noticed that when the Summer and Winter sessions do well, it seems the following semester's enrollment is lower. Ann-Marie announced the report of FTES by Term will now show the breakdown by Fall, Spring, Summer, and Winter FTES.
 - Ann-Marie mentioned the change to the Academic Calendars which allow for two consecutive 5-week Summer sessions along with the 6 and 8 week sessions. Winter remains at a 5-week session. This new strategy is to improve completion and increase FTES.
 - Sara asked if the primary terms can be 15 weeks. Ann-Marie responded no. The District currently offers 16 week, 12 week, and 8 week courses during Fall and Spring.
 - Ann-Marie said that Cerritos College is currently offering 17.5 week calendar. They are starting sooner and ending sooner than LBCC. They are considering a move to a 16 week calendar.

FTES Analysis – Annual 2016-17 (continued)

FTES Analysis

	Current Year					
	2016-17		Target to Annual		(15/16 to 16/17)	
	Target	Annual	Variance	% Variance	Change	% Change
Total FTES	20,775.58	21,075.96	300.38	1.45%	1,998.63	10.48%

Apportionment Calculation (John)

(Refer to “Apportionment Calculation – Budget 2017-18 Adopted Budget Estimate (3-Year Comparison)” handout)

- John reviewed the Apportionment Calculations for 2015-16, 2016-17, and 2017-18.

	2015-16 Recal Amount	2016-17 Annual Amount	2017-18 Adopted Budget Amount	Change from 2016-17 Amount
Total Base Revenue	103,656,853	102,571,330	113,979,889	11,408,559
COLA Adjustment (1.02/0.0/1.56/1.56)	978,056	-	1,778,086	1,778,086
Restoration	(7,769,015)	9,917,227	(7,748,199)	(17,665,426)
Full-Time Faculty Hiring	1,054,675	95,457	(58,370)	(153,827)
Base Increase FTFH	4,650,761	15,244	30,342	15,098
Base Increase Non-FTFH	0	1,455,743	3,113,047	1,657,304
Stability Adjustment	8,317,052	-	7,748,199	7,748,199
Total Computational Revenue	110,888,382	114,055,001	118,842,994	4,787,993
Deficit Factor (0.0/0.0/0.5/0.5%)	0	0	(594,215)	(594,215)
Adjusted Computational Revenue	110,888,382	114,055,001	118,248,779	4,193,778

- Kathy asked for a detailed explanation of the Deficit Factor. Ann-Marie said the state prepares the budget by what they expect to receive in property taxes and enrollment fees. This amount helps determine the amount of apportionment the District receives. If property taxes and/or enrollment fees don't come in at the level the State anticipates, then they apply a deficit factor rather than paying more out in apportionment. The Deficit Factor adjusts during the year. Typically, the Adopted Budget anticipates a Deficit Factor based to past experience. It is an estimate. Ann-Marie added when local property is sold, the valuation is usually increased and the state can collect increased property taxes.
- The District received 1.56% in COLA and a Base Increase representing a total \$4 million increase over the prior year.
- The District is projecting 19,572 FTES which results in \$7.7 million in stabilization funding.

Adopted Budget FY 2017-18 (John)

(Refer to "Adopted Budget 2017-18" PowerPoint and the "Adopted Budget Fiscal Year 2017-2018" handouts)

- Adopted Budget going to the Board on September 12, 2017 for approval.
- John reviewed the Adopted Budget for the fiscal year 2017-18 PowerPoint presentation; listed below are the highlights:
 - State Budget Overview:
 - \$57.8 million (1%) in growth funding:
 - \$0 budgeted for LBCC (in stability for 2017-18).
 - \$97 million (1.56%) COLA.
 - \$1.8 million for LBCC.
 - \$183.6 million base allocation increase.
 - Approximately \$3.0 million for LBCC.
 - \$5.7 million (1.56%) COLA for categorical programs (DSPS, EOPS, CalWORKs & Child Care Tax Bailout).
 - \$58,000 for LBCC.
 - \$76.9 million for Deferred Maintenance/Instructional Equipment.
 - \$1.4 million for LBCC (split equally).
 - \$38.9 million in Proposition 39 Energy Efficiency and Renewable Generation funding.
 - \$713,000 for LBCC.
 - \$10 million for an Online Education Initiative.
 - System-wide learning management system (CANVAS).
 - \$20 million for Innovation Awards. This will be a grant opportunity that colleges can apply for.
 - \$25 million for Full-Time Student Success Grant and \$25 million for the Completion Grant.
 - \$854,000 for LBCC students who meet the requirements.
 - \$150 million for Guided Pathways program.
 - New program to develop an integrated institution-wide approach to student success.
 - \$6 million for Integrated Library System.
 - For procurement of state-wide library system.
 - 15 Proposition 51 facilities bond projects approved. \$16.9 million allocated for initial design activities in the 2017-18 Budget includes 2 LBCC projects:
 - \$954,000 Buildings M & N, LAC.
 - \$363,000 Construction Trades Phase I, Building MM, PCC.
 - Board Goals, Strategic Plan Goals & Institutional Priorities
 - Goals and priorities were reviewed along with grids linking major budget allocations to specific goals and priorities. Mandated Cost Allocations were also included to show items that are being carried over to 2017-18.
 - BAC Budget Assumption Highlights were reviewed.
 - FTES By Term was reviewed. The District will have a target of 19,572 FTES.
 - List of Funds slide was reviewed.
 - The highlights from the Adopted Budget Unrestricted Fund (UGF) include:
 - The total budgeted revenue for 2017-18 is \$130,174,126.
 - The Operating Deficit for 2017-18 is (\$8,753,579) and an Ending Fund Balance of \$21,719,121.

Adopted Budget FY 2017-18 (John) (continued)

- Major Revenue Change highlights:
 - Apportionment – \$4.0 million increase is the net of:
 - \$3.0 million increase to base allocation.
 - \$1.7 million COLA.
 - (\$0.5) million deficit factor increase.
 - (\$0.2) million decrease due to prior year apportionment revenue.
 - Other State Revenue – \$0.6 million decrease due to:
 - (\$1.9) million decrease in one-time allocation of Mandated Cost Revenue.
 - \$0.5 million increase in State Lottery
 - \$0.8 million increase in State STRS On-Behalf
 - The total State Principal Apportionment is \$118,248,779 which represents 90.84% of revenue.
- Major Expenditure Changes highlights:
 - Academic Salaries – the \$3.0 million increase is due mainly to hiring 26 new full-time faculty, 1 long-term full-time faculty sub and 1 new academic manager.
 - Classified Salaries – \$1.2 million increase is due mainly to the restoration of certain previously reduced positions, step & column increases, and the assumption that vacancies will be filled.
 - Total Benefits – \$5.0 million increase is due to the increase in positions and increases to certain benefit rates, most notably the 1.850% for STRS, the 1.643% for PERS, STRS On-Behalf and the 3.2% increase to health and welfare benefits.
 - Contract Services and Operating Expenses – \$4.8 million increase is due mainly to the increase in professional services and other expenses for Business Process Reviews (which were budgeted last year but not spent so the funds are carrying over), increases in rents and utilities, and the increase for the cost of elections, which are held every other year.
 - The Budgeted Expenditures for 2017-18 are \$138,927,705. 86.4% of that total is budgeted for salaries and benefits. Without one-time expenses of \$5 million, the total is \$133,890,183. 89.6% of that adjusted total is expenditures for salaries and benefits.
- Future Budget Challenges:
 - Enrollment:
 - Allocated additional summer 2017 FTES into 2016-17 to earn growth apportionment.
 - In stability funding for 2017-18.
 - Important to grow enrollment to at least base FTES for 2018-19.
 - State Pension Obligations:
 - Employer Contributions scheduled to increase each year over the next five years.
 - STRS – 20.25% by 2022-23.
 - PERS – 27.30% by 2024-25.
 - Retiree Benefits Obligations:
 - Other post-employment benefits (OPEB) liabilities for future retiree health benefits may be more volatile going forward with the implementation of GASB 74 & 75 in 2016-17.
 - \$44.4 million unfunded actuarial accrued liability (UAAL).

Adopted Budget FY 2017-18 (John) (continued)

- Deficit Spending:
 - Structural deficit amounts to \$3.7 million.
 - Need to monitor expenditures going forward.
 - The Multi-Year Projection shows estimated deficits of over \$5 million for the next two years.
 - Limited Ongoing Base Funding:
 - Most of the funding increases in recent years have been in the form of categoricals and one-time allocations.
 - There is limited ongoing unrestricted funding to administer the increase programs.
- Seth asked about the Innovation Awards. He heard it was taken away from the state budget. Ann-Marie confirmed the line item is still in the state budget; however, districts will need to apply for the Innovation Awards. It is unlikely the district would apply at this time.
- Chris asked about the FTES generated for Winter. Ann-Marie said it is calculated for Spring due to financial aid and MIS reporting. FTES for Summer is a separate line item. In the future, the graph will breakout the numbers for Winter.
- Kathy asked why the Restricted General Fund changed from the adopted \$49.3 million to the unaudited \$34.5 million. Ann-Marie said the change is due to a number of grants, primarily from the AMTELL grant being \$2.3 million higher, SBDC is \$2.5 million higher, Adult Ed is \$2.8 million higher, Restricted Lottery is \$1.7 million higher, Strong Workforce is \$3 million higher, Equity is \$500,000 higher, and the Innovation grants are \$800,000 higher than what was received in 2016-17. The funds that were not spent in 2016-17 are carrying over into 2017-18 with many of the carry over amounts needing to be spent by 12/31/17.
- Kathy asked if the District is getting all the funds available from SSSP. Ann-Marie responded we are getting paid for what we are doing. The District receives \$2.6 million for SSSP. Sara said 40% is static and 60% is from the services we offer in Orientation, Assessment, Abbreviated Ed Plan, Comprehensive Ed Plan, and follow up services. Ann-Marie added the District gets our proportion depending on our counts as compared to other districts. The pot of money is available to all 114 colleges in California. The numbers are hard to track based upon what the other colleges are doing and the numbers are not published until at least one year later.

Multi-Year Projection (Ann-Marie)

(Refer to "LBCC Multi-Year Budget Plan" handout)

- Ann-Marie discussed the Multi-Year Budget Plan including the following highlights:
- The report projects amounts for 2018-19 and 2019-20.
 - The changes that show are what is anticipated at this time.
 - COLA is projected to go from 1.56% in 2017-18 to 2.15% in 2018-19 and 2.35% in 2019-20.
 - New for the projection report is the line item for Annualized Attrition Savings of \$1 million.
 - The focus for BAC in the fall is to look at expenditures.

2017-18 Salary Changes (Ann-Marie)

(Refer to “Funded New Positions for 2017-18” handout)

- Ann-Marie asked for people to review the handout and get back to her with any questions.

State Budget Update (Ann-Marie)

(Refer to “Community College Update” and email handouts)

- Ann-Marie stated these items had been emailed to the committee. If there were any questions to please contact her.

Other (Chris)

- None

Meeting adjourned at 4:35 pm.

Next Meeting: Monday, October 30, 2017 at LAC – T-1046 at 3:00 pm