



# **Tentative Budget 2019-20**

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

**June 26, 2019**



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## Overview

- **State Budget Overview**
- **Board Goals, Institutional Priorities & Strategic Plan Goals**
- **BAC Planning Assumption Highlights**
- **FTES History and Projection**
- **List of All District Funds – Expenditures & Other Outgo**



## Overview (continued)

- **Unrestricted General Fund Details**
  - Overall Summary
  - Revenue Summary
  - Major Revenue Changes in 2019-20
  - Expenditure Summary
  - Major Expenditure Changes in 2019-20
  - 7-Year Trends
- **Future Budget Challenges**

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## State Budget Overview (Governor's Budget)

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- Student Centered Funding Formula increase of \$265 million, including COLA below.
- \$230 million (3.26%) COLA
  - \$4.0 million for LBCC



# State Budget Overview

(continued)

- Student Centered Funding Formula (SCFF)
- Hold harmless provision for 3 years through 2020-21
  - May Revise proposed extending an additional year to 2021-22
  - Provides minimum funding at least 2017-18 level plus COLAs
  - LBCC is funded at the hold harmless level

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# State Budget Overview

(continued)

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- SCFF (continued)
- Maintain same % allocation of SCFF components in 2019-20 as in 2018-19
  - 70% Base Grant – FTES
  - 20% Supplemental Grant – low-income students served
  - 10% Student Success Grant – degrees, certificates, and other success measures
- Phase in to 60-20-20 split in subsequent years



# State Budget Overview

## (continued)

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- SCFF (continued)
- Actual 2018-19 state-wide SCFF amounts exceeded estimates and available State funds
  - Initially estimated a 5% deficit
  - CCCCCO applied to only districts funded above the hold harmless
  - Reduced funding deficit with some backfill of funds but likely still some level of deficit remaining (will know in Feb. 2020)
- Student Success Grant growth limitations (May Revise):
  - 10% Cap on total grant \$ increase
  - Only single greatest award funded per student per year
  - Transfer credit granted to district of residence (efforts to change to district at which students earned at least 12 units)



## State Budget Overview (continued)

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- \$9 million (3.26%) COLA for categorical programs (DSPS, EOPS, CalWORKs & Child Care Tax Bailout) and Adult Education
- \$0 million for Deferred Maintenance/Instructional Equipment
  - \$40 million in May Revise (about \$600,000 for LBCC)
- \$40 million to continue the California College Promise (AB 19)
  - \$5.2 million augmentation in May Revise Budget





## State Budget Overview (continued)

- 30 (15 continuing and 15 new) Proposition 51 facilities bond projects approved. Includes only 1 of 2 LBCC projects that had been approved:
  - Construction Trades Phase I, Building MM, PCC
- Revision from the Conference Committee added the second LBCC project:
  - Music/Theater Complex, Building G/H, LAC

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# State Budget Overview

## (continued)

- Student Equity and Achievement (SEA) Program  
- continues at same funding level (consolidation of 3 programs)
- Strong Workforce Program
  - \$7 million was slated to be from one-time funds creating uncertainty of future year funding
  - Ongoing funding nearly completely restored in the May Revise, indicating commitment to continued funding in future years

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## Board of Trustees Goals

1. Continue supporting and monitoring the implementation of the 2016-22 Strategic Plan.
2. Monitor implementation of the Enrollment Management Plan.
3. Monitor college strategies for improving college readiness and success of students for people of color, women, LGBTQ, veterans, disabled, and other historically disadvantaged communities.
4. Improve Board governance by creating a well-functioning Board unit and adhering to principles of effective Boardsmanship.
5. Support strategies that ensure the long-term fiscal health of the college and the district and devise strategies that improve access and affordability for all students.
6. Develop a strong relationship that ensures the success of the Superintendent-President, the Board, and the College.

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# Institutional Priorities

updated March 28, 2019

In compliance with all regulations and laws, and in alignment with the Strategic Plan goals: innovate to achieve equitable student success, accelerate college readiness and close equity gaps, build community, and invest in people and support structures for transformation, the College will primarily focus on:

- A. Creating and implementing guided pathways
- B. Maintaining fiscal viability
- C. Expanding our profile within the community to enhance enrollment
- D. Closing equity gaps in student success through innovation

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## Institutional Priorities

updated March 28, 2019

**(continued)**

- E.** Expanding our community outreach to attract and retain a diverse and talented workforce, as well as strengthening and expanding diverse local industry partnerships
- F.** Increasing student retention, completion, and transfer
- G.** Implementing our Strategic Enrollment Management Plan, Technology Plan, Deficit Reduction Plan, Integrated Energy Master Plan, and Facilities Master Plan.

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## Strategic Plan Goals

1. Innovate to achieve equitable student success
2. Accelerate college readiness
3. Build community
4. Invest in people and support structures for transformation

(Included within Board Goals approved on August 22, 2017.)

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## Resource Allocation towards Goals & Priorities

	LBCC Institutional Priorities and Board Goals Related to Institutional Planning							
	1. Strategic Plan	2. & G. Implement Enrollment Management, Technology, Deficit, Energy & Facility Plans	3. & D. Equitable Student Success	5. & B. Fiscal Health	5. & F. Improve Access and Increase Retention, Completion, Transfers	A. Create and Implement Guided Pathways	C. Expand Community Profile to Enhance Enrollment	E. Expand Community Outreach to Recruit/Retain Workforce & Expand Industry Partnerships
Faculty Professional Development (Equity and AB 705)	√	√	√		√	√		
15 Full-Time Faculty	√	√	√		√			
Curriculum, Catalog, and Scheduling Software	√	√	√		√	√		
AB 705 Implementation Support	√	√	√		√	√		
Embedded Tutoring	√	√	√		√	√		
Modernize CTE Trades Equipment	√		√		√			
Instructional Equipment	√		√		√			
STEM Initiative and Science Center	√		√		√			

## Resource Allocation towards Goals & Priorities (continued)

	LBCC Institutional Priorities and Board Goals Related to Institutional Planning							
	1. Strategic Plan	2. & G. Implement Enrollment Management, Technology, Deficit, Energy & Facility Plans	3. & D. Equitable Student Success	5. & B. Fiscal Health	5. & F. Improve Access and Increase Retention, Completion, Transfers	A. Create and Implement Guided Pathways	C. Expand Community Profile to Enhance Enrollment	E. Expand Community Outreach to Recruit/Retain Workforce & Expand Industry Partnerships
Strong Workforce	√	√	√		√	√		√
Adult Ed Regional Consortium		√	√		√		√	
Noncredit Infrastructure		√	√		√		√	
College Promise 2.0	√	√	√		√			
Efforts to Increase Completions (SCFF)	√	√	√	√	√	√		
Student-Centered Scheduling Improvements	√	√	√		√	√		
Efforts to Improve Course Success	√	√	√		√	√		
Meta-Majors Development/ Implementation	√	√	√		√	√		



## Resource Allocation towards Goals & Priorities (continued)

	LBCC Institutional Priorities and Board Goals Related to Institutional Planning							
	1. Strategic Plan	2. & G. Implement Enrollment Management, Technology, Deficit, Energy & Facility Plans	3. & D. Equitable Student Success	5. & B. Fiscal Health	5. & F. Improve Access and Increase Retention, Completion, Transfers	A. Create and Implement Guided Pathways	C. Expand Community Profile to Enhance Enrollment	E. Expand Community Outreach to Recruit/Retain Workforce & Expand Industry Partnerships
Student Equity Achievement Program	√	√	√		√	√		
Viking Advantage	√	√	√		√	√		
Viking Summer Voyage	√		√		√	√		
Starfish Early Alert	√	√	√		√	√		
Early College Credit Program (ECCP)		√	√		√	√		
Welcome Center	√	√	√		√	√		
Multicultural Center	√		√		√	√		
Dreamer Supports	√		√		√			
Formerly Incarcerated Student Supports	√		√		√			
Veterans Supports	√		√		√			

## Resource Allocation towards Goals & Priorities (continued)

	LBCC Institutional Priorities and Board Goals Related to Institutional Planning							
	1. Strategic Plan	2. & G. Implement Enrollment Management, Technology, Deficit, Energy & Facility Plans	3. & D. Equitable Student Success	5. & B. Fiscal Health	5. & F. Improve Access and Increase Retention, Completion, Transfers	A. Create and Implement Guided Pathways	C. Expand Community Profile to Enhance Enrollment	E. Expand Community Outreach to Recruit/Retain Workforce & Expand Industry Partnerships
Improve Website	√	√	√		√	√		
Marketing	√	√			√	√	√	√
Campus Bird		√			√			
Community and High School Outreach	√	√	√		√	√	√	√
Center for Community & Industry Partnerships	√	√	√		√	√	√	√
Workforce Development Support	√		√		√	√	√	√
SBDC	√			√			√	√
Goldman Sachs 10K Small Businesses	√						√	√
Global Trade and Logistics	√	√	√				√	√

## Resource Allocation towards Goals & Priorities (continued)

	LBCC Institutional Priorities and Board Goals Related to Institutional Planning							
	1. Strategic Plan	2. & G. Implement Enrollment Management, Technology, Deficit, Energy & Facility Plans	3. & D. Equitable Student Success	5. & B. Fiscal Health	5. & F. Improve Access and Increase Retention, Completion, Transfers	A. Create and Implement Guided Pathways	C. Expand Community Profile to Enhance Enrollment	E. Expand Community Outreach to Recruit/Retain Workforce & Expand Industry Partnerships
Business Process Reviews	√	√	√	√	√	√		
Tableau Online Software	√	√	√		√	√		
Survey Software	√	√	√		√	√		
Equitable Recruitment Efforts/EEO Professional Development	√		√					√
Employee Professional Development (Leadership Initiatives/ Classified Vision for Success)	√	√	√		√	√		
Professional Development and EEO Human Resources Manager	√							√



## BAC Budget Assumption Highlights

- There will be potential budget redirections in response to both the State's budget impact and the priorities as identified by the College Planning Committee (CPC).
- FTES total **resident** target is 19,204.
- 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)

- 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 – \$2.9 million
- Benefit costs changes:
  - STRS increased by 0.820% - \$1,632,000
  - PERS increased by 2.671% - \$1,357,000
  - Percentage of unrestricted salaries and benefits caused by STRS and PERS increase 1.940%
  - Retiree Benefits – Annual Required Contribution (ARC) \$4.1 million
- Health & Welfare Premiums:
  - Increased by 1.6% - \$340,000

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## List of Funds – Expenditures & Other Outgo (in millions)

	Adopted Budget 2018-19	Estimated Actual 2018-19	Tentative Budget 2019-20
Unrestricted General Fund	\$ 137.2	\$ 134.6	\$ 142.0
Restricted General Fund	42.9	33.1	44.9
Associated Students Body Fund	1.2	1.0	1.1
Capital Projects Fund	34.9	7.6	34.3
Child & Adult Development Fund	2.0	2.1	2.1
Contract/Community Education Fund	1.4	0.3	1.0
General Obligation Bond Fund 2008 Measure E	96.2	0.0	95.9
General Obligation Bond Fund 2016 Measure LB	806.9	32.5	779.8
Retiree Health Fund	3.9	3.5	3.8
Self-Insurance Fund	1.2	1.1	1.4
Student Financial Aid	45.4	46.0	45.5
Student Representation Fund	0.0	0.0	0.0
Vet Stadium Operations	1.3	1.3	1.3
Total	\$ 1,174.5	\$ 263.1	\$ 1,153.1

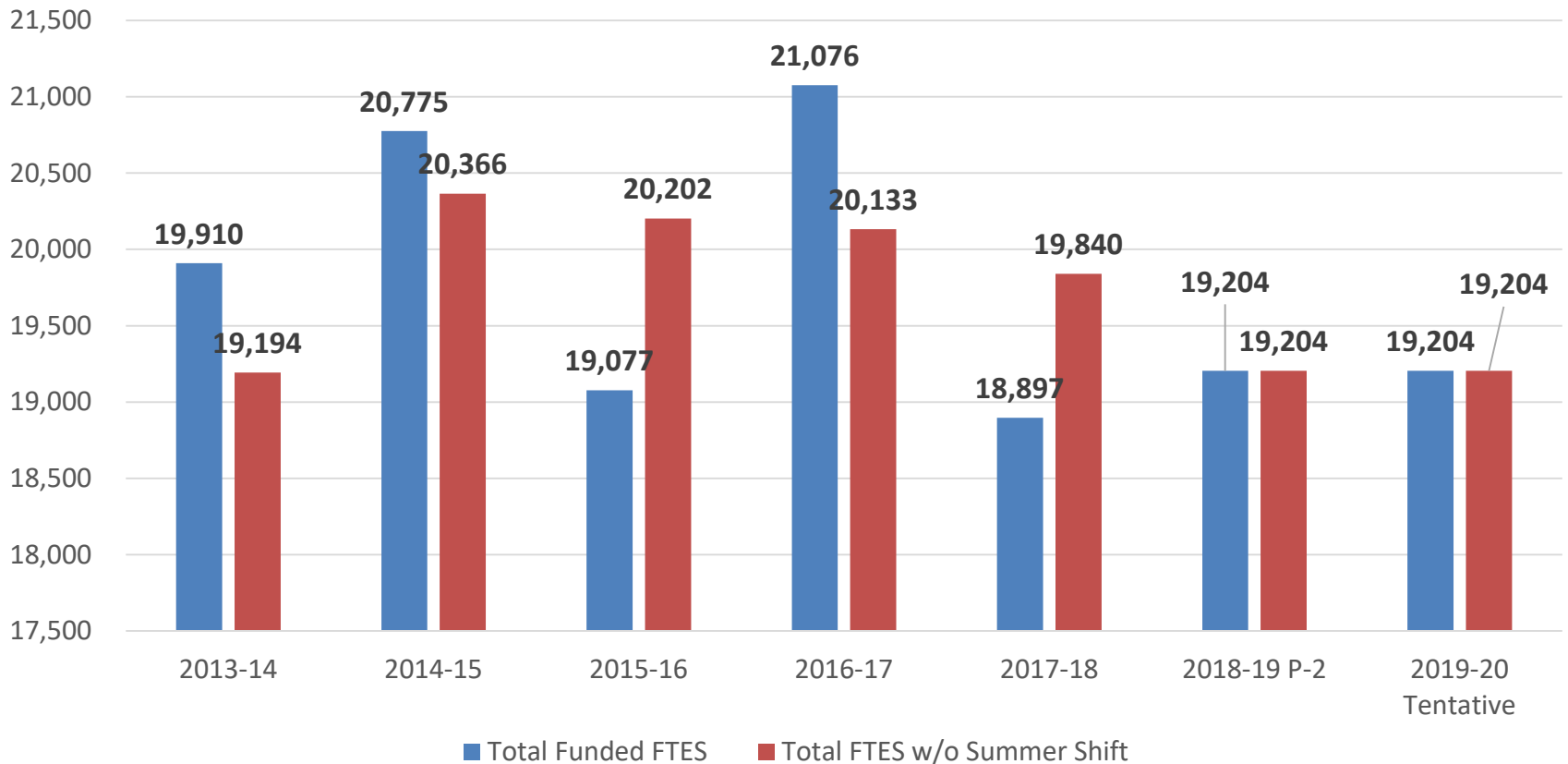
## Unrestricted General Fund Overall Summary

	Estimated Actual 2018-19	Tentative Budget 2019-20	*Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$134,840,266	\$139,005,867	\$4,165,601
Expenditures and Other Outgo	134,603,449	141,957,080	7,353,631
Surplus/(Deficit)	236,817	(2,951,213)	(3,188,030)
Fund Balance	\$ 30,457,370	\$ 27,506,157	\$(2,951,213)

\*Change is comparison between 2018-19 Estimated Actual and 2019-20 Tentative Budget.



## FTES Comparison\*

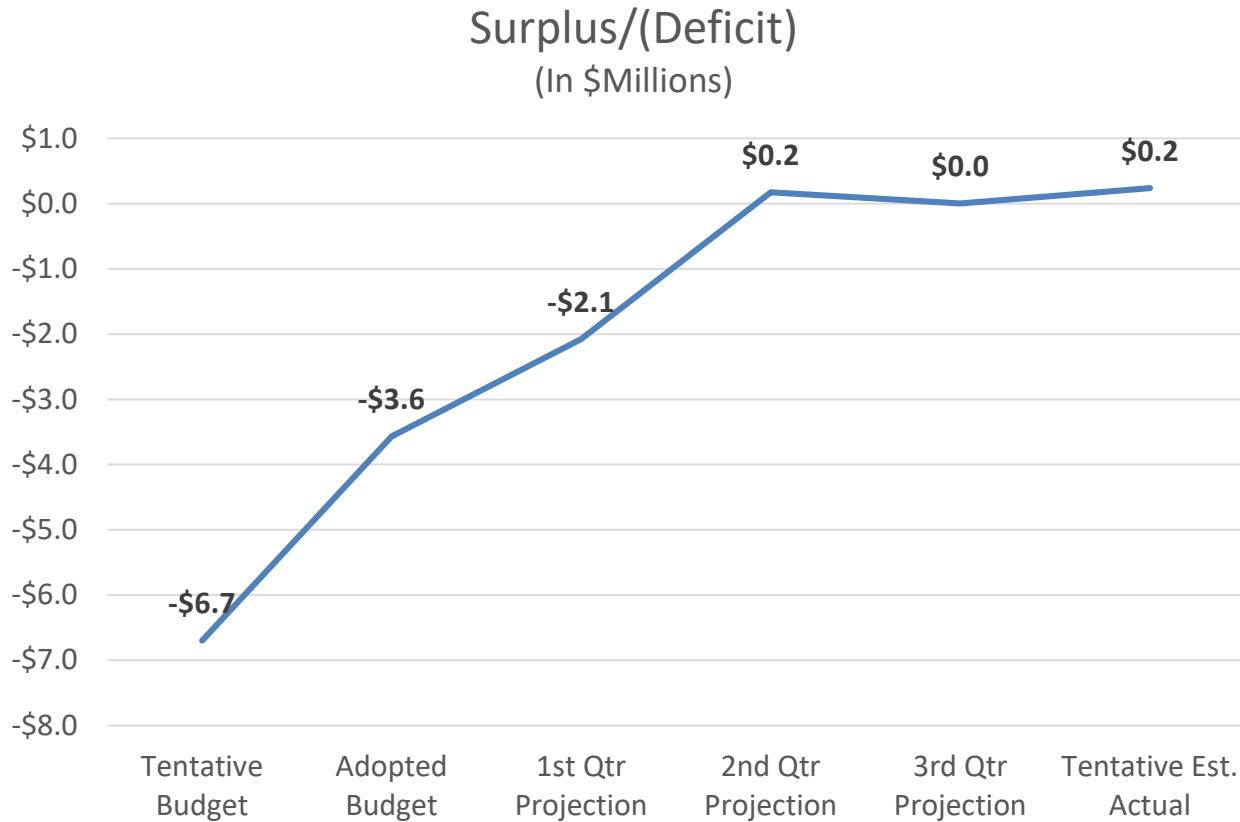


\*Resident FTES only.





## Deficit Reduction Unrestricted General Fund 2018-19



## Unrestricted General Fund Revenue Summary

	Estimated Actual 2018-19	Tentative Budget 2019-20	*Change Increase/ (Decrease)
Federal	\$ 140,000	\$ 140,000	\$ 0
State Apportionment	121,611,689	125,703,900	4,092,211
Other State	8,878,297	8,822,396	(55,901)
Local	3,863,285	4,186,025	322,740
Other Sources	346,995	153,546	(193,449)
Total	\$134,840,266	\$139,005,867	\$ 4,165,601

\*Change is comparison between 2018-19 Estimated Actual and 2019-20 Tentative Budget.



## Major Revenue Changes in 2019-20

- **Apportionment** – \$4.1 million increase is the net of:
  - \$4.0 million 3.26% COLA
  - \$0.1 million increase due to prior year apportionment recalculation revenue
- **Local Revenue** – \$0.3 million increase
  - Mainly due to non-resident tuition increases

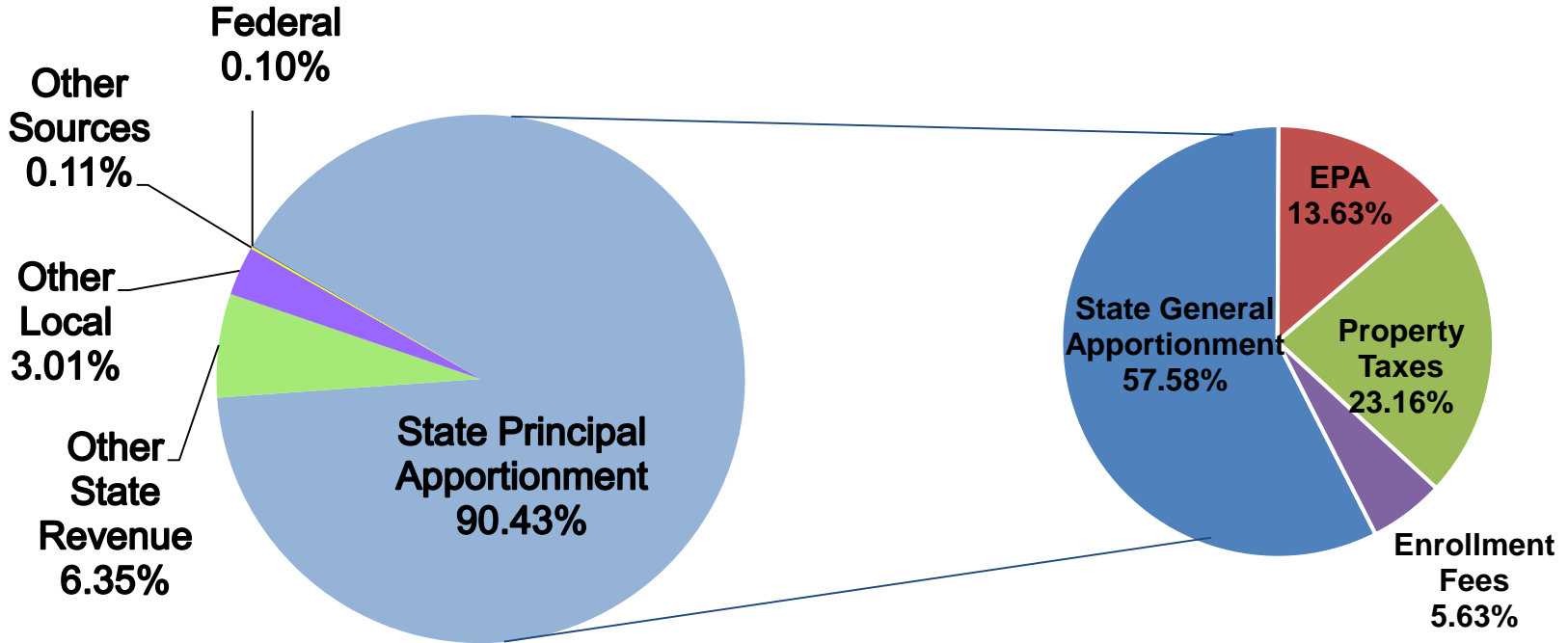
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## Unrestricted General Fund Budgeted Revenue & Other Sources 2019-20



State Principal Apportionment

## Unrestricted General Fund Expenditure Summary

	Estimated Actual 2018-19	Tentative Budget 2019-20	*Change Increase/ (Decrease)
Academic Salaries	\$ 53,652,768	\$ 55,905,852	\$ 2,253,084
Classified Salaries	26,432,764	28,821,675	2,388,911
Benefits	38,928,179	42,078,106	3,149,927
Supplies	908,081	796,045	(112,036)
Services	10,139,403	10,289,655	150,252
Capital Outlay	1,392,527	1,616,815	224,288
One-Time	1,703,727	1,002,932	(700,795)
Other Outgo	1,446,000	1,446,000	0
Total	\$134,603,449	\$141,957,080	\$ 7,353,631

\*Change is comparison between 2018-19 Estimated Actual and 2019-20 Tentative Budget.



## Major Expenditure Changes in 2019-20

- **Academic Salaries** – the \$2.3 million increase is due mainly to hiring 14 new full-time faculty, step increases, negotiated salary increases, and offset by decrease in part-time salaries.
- **Classified Salaries** – \$2.4 million increase due to 3.26% COLA negotiated salary increases, step and column increases, and budget for vacancies, offset by savings from reorganizations.
- **Total Benefits** – \$3.1 million increase is due to the increase in positions, salaries, and increases to certain benefit rates, most notably the 0.82% for STRS, the 2.671% for PERS, and 1.6% increase to health and welfare benefits.

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## Major Expenditure Changes in 2019-20 (continued)

- **One-Time Funds** – (\$0.7) million decrease based on fewer 2019-20 budgeted projects. Major 2018-19 one-time project expenses included professional services for student financial aid, ECS Forms development for electronic invoice workflow and Admission and Records forms, and security software.

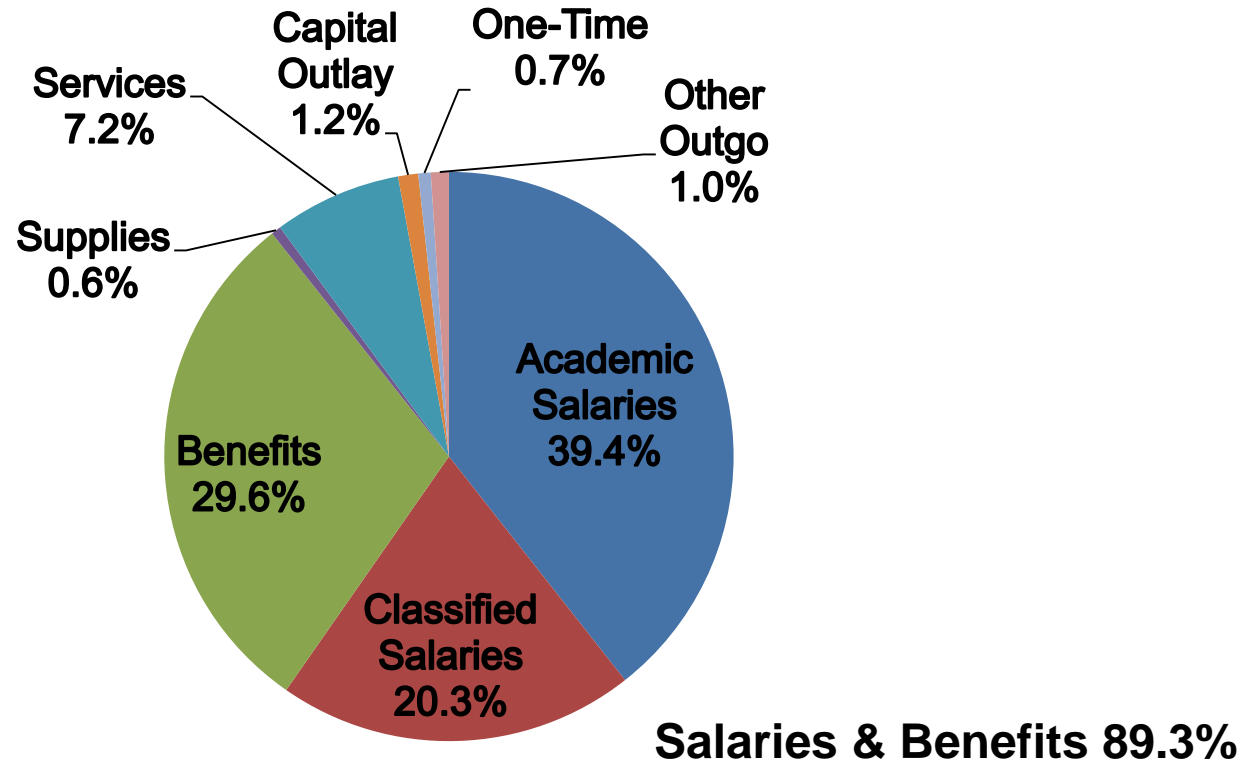
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## Unrestricted General Fund Budgeted Expenditures and Other Outgo 2019-20





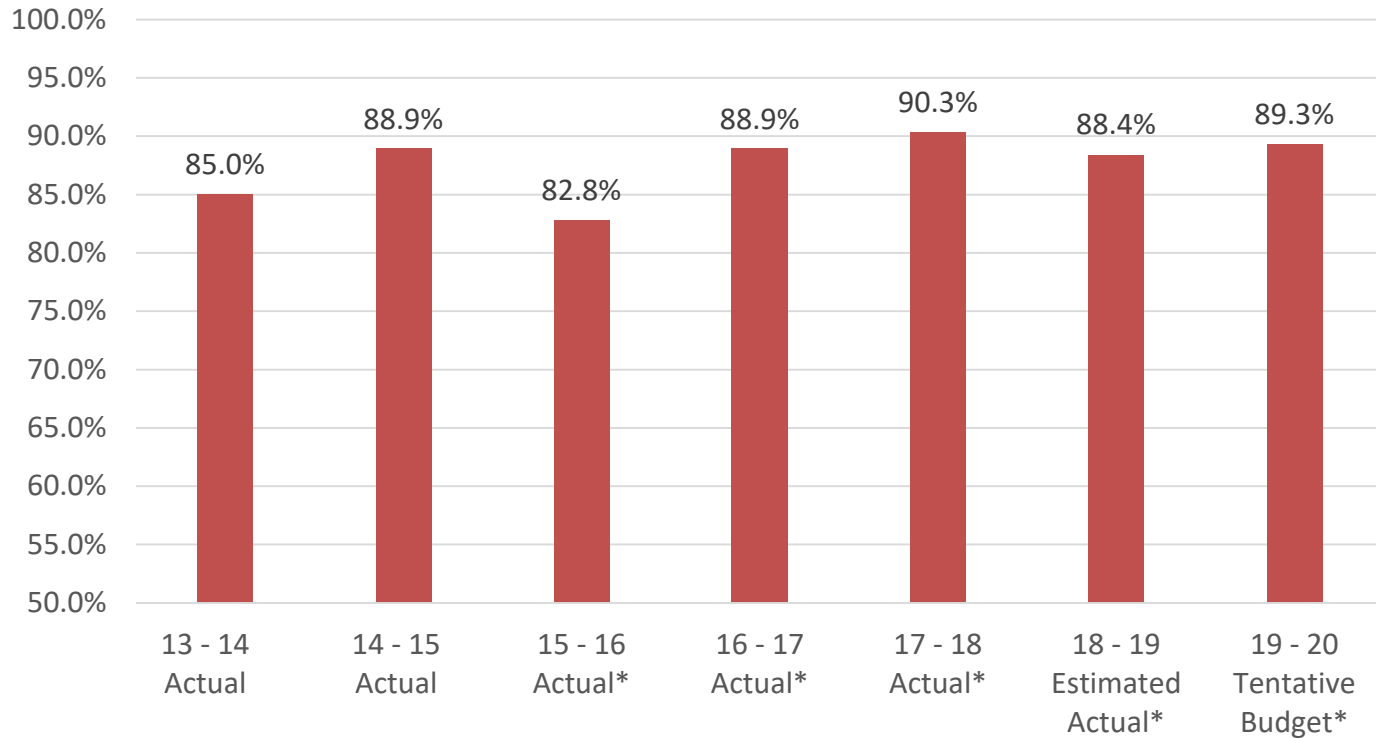
## Unrestricted General Fund 7-Year Trend Summary (in millions)

	13-14 Actual	14-15 Actual	15-16 Actual	16-17 Actual	17-18 Actual	18-19 Estimated Actual	19-20 Tentative Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	85.0%	88.9%	82.8%*	88.9%*	90.3%*	88.4%*	89.3%*
Surplus / (Deficit)	\$4.0	\$4.4	\$2.7	\$2.2	(\$0.3)	\$0.2	(\$2.9)
Ending Balance	\$21.2	\$25.6	\$28.3	\$30.5	\$30.2	\$30.4	\$27.5
Ending Balance as a % of Total Expenses & Other Outgo	20.6%	24.0%	21.4%	24.4%	22.9%	22.6%	19.4%

\*Percentage of Total Expenses and Other Outgo including one-time expenses.



## Salaries & Benefits as a % of Total Expenses & Other Outgo



\*Percentage of Total Expenses and Other Outgo including one-time expenses.

## Unrestricted General Fund Multi-Year Projection (in \$millions)

	Tentative Budget 2019-20	Projected 2020-21	Projected 2021-22
Projected Revenue			
Apportionment Revenue	\$125.7	\$129.5	\$133.1
Other Revenue	13.3	13.0	13.0
Total Available Funding	139.0	142.5	146.1
Projected Expenses			
Expenditure Base (Prior Year)	134.6	142.0	145.8
Adjustments to Operations	(0.4)	0.9	(0.3)
Adjustments to Compensation/Benefits	7.7	2.9	2.3
Total Projected Expenses	141.9	145.8	147.8
Projected Surplus/ (Deficit)	(2.9)	(3.3)	(1.7)
Projected Ending Fund Balance	\$27.5	\$24.2	\$22.5
% of Expenses	19.4%	16.6%	15.2%



# Future Budget Challenges

## ● Enrollment:

- 2019-20 resident FTES target is 19,204
- Near-term goal is to reach 20,000 FTES.
- However, declining enrollment is a challenge throughout the state.
- The new funding formula includes other metrics, but FTES remain the single largest factor to our funding.

## ● State Pension Obligations:

- Governor's proposed STRS contributions help;
- However, STRS and PERS obligations will continue to increase rapidly in the upcoming years.

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## STRS & PERS Future Employer Rates

Fiscal Year	STRS		PERS		Total
2013-14	8.25%	\$ (131,947)	11.44%	\$ (6,310)	\$ (138,257)
2014-15	8.88%	227,313	11.77%	370,860	598,173
2015-16	10.73%	1,779,636	11.85%	128,984	1,908,620
2016-17	12.58%	1,270,151	13.89%	933,156	2,203,307
2017-18	14.43%	1,193,075	15.53%	839,116	2,032,191
2018-19	16.28%	498,000	18.06%	741,000	1,239,000
*2019-20	17.10%	1,632,000	20.73%	1,357,000	2,989,000
2020-21	18.10%	566,000	23.60%	1,040,000	1,606,000
2021-22	18.10%	0	24.90%	471,000	471,000
2022-23	17.60%	(283,000)	25.70%	290,000	7,000
Total		\$ 6,751,228		\$ 6,164,806	\$ 12,916,034

Rates are as of May 2019 and are subject to change for future years. Employer contribution increase estimates are based on total covered salary estimates from the 2018-19 Adopted Budget.

\*STRS rates for 2019-20 and after are based on Governor Newsom's proposal to contribute funds to reduce the STRS deficit.

# Future Budget Challenges

(continued)

- **Deficit Spending:**
  - The 2019-20 Tentative Budget includes \$2.9 million in deficit spending.
  - \$1.0 million of that is due to one-time projects.
  - We will continue deficit reduction measures to ensure that structural deficits do not become unmanageable on a long-term basis.
- **Success Metrics:**
  - Improvements have been made.
  - We will continue to work together to implement processes to help us improve results for our students including degree and certificate attainment and transfers.

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## Next Steps

### ● Final Budget

- Presented to the BOT on September 11, 2019
  - Public Hearing at 5:45pm at 4901 E. Carson Street, Long Beach, CA 90808, Building T, Room 1100
- Will Reflect:
  - Enacted State budget (AB 74)
    - Approved by the Legislature on June 13
  - Enacted Trailer Bill (AB 77)
    - Will include policy changes including SCFF formulaic revisions
  - Final FTES Target
  - 2018-19 Actuals
  - Other Major Initiatives Identified after April 2019

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# Questions?