

Adopted Budget 2014-15

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

September 9, 2014

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Overview

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- **Board Goals**
- **BAC Planning Assumption Highlights**
- **FTES History and Projection**
- **List of All District Funds – Expenditures & Other Outgo**

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Overview (continued)

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State Budget Overview (Governor's Budget)

- \$140.4 million (2.75%) in access/restoration funding:
 - \$1.85 million (2%) for LBCC is built into budget if we grow 397 FTES for a total of 20,307.
 - If we grow to 20,656 FTES we could generate an additional \$1.6 million.
- \$47.3 million (0.85%) COLA:
 - \$0.84 million for LBCC.
- Student fees remain at \$46 per unit.

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State Budget Overview (continued)

- \$100 million for Student Success and Support Program (SSSP, formerly Matriculation).
 - 2:1 match requirement.
- \$70 million for Student Equity.
- \$50 million for Economic and Workforce Development programs.
- \$30 million for DSPS.
- \$148 million for Physical Plant/Instructional Support:
 - \$2.6 million for LBCC for physical plant.

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State Budget Overview (continued)

- \$39.7 million in Proposition 39 Energy Efficiency and Renewable Generation funding:
 - \$561,000 for LBCC.
- Apportionment deferrals reduced to \$94 million.
 - About \$2 million for LBCC.
- \$6.0 million for technology infrastructure.
 - No money coming directly to Districts.
- \$49.5 million for Mandated Cost reimbursements.
- 0.63% increase to CalSTRS employer contribution:
 - Approximately \$295,000 for LBCC.

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Board Goals

1. Support the Student Success agenda by:
 - Implementing the Educational Master Plan.
 - Implementing the Promise Pathways Program.
 - Expanding the Long Beach College Promise.

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Board Goals

(Continued)

2. Support the Career Technical Education Workforce Development and Economic Development agendas to strengthen the regional economy by:
 - Implementing and expanding programs to serve small business development.
 - Implementing the Goldman Sachs 10,000 small businesses initiative.
 - Organizing a local economic development summit.
3. Allocate resources in a manner that prioritizes these Board Goals.

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Institutional Priorities

The college's top priority is to improve rates of student success which include, but are not limited to the following: AA/AS, AA/AS–Transfer, transfer, certificates of achievement and workforce readiness.

In order to accomplish this top priority, the College will strive to:

- A.** Maintain fiscal stability to afford opportunities for student needs.
 - Acquire and manage funding to support student success initiatives.
- B.** Further analyze and dedicate resources that build effective organizational structures college-wide.
 - Evaluate need for reinstatements, reorganizations, filling vacancies and/or hiring personnel.
- C.** Further support implementation of the Pacific Coast Campus Educational Master plan.
 - Continue to increase GE course offerings.
- D.** Facilitate, advance, promote, and support effective integration of technology into the learning and work environment.
- E.** Support professional development in alignment with institutional priorities through coordinated efforts in Human Resources and Faculty Professional Development.

Resource Allocation towards Goals & Priorities

	Board Goals			Institutional Priorities				
	1. Student Success	2. Career Technical Education	3. Resource Allocation	A. Fiscal Stability	B. Personnel Resources	C. PCC Ed Master Plan	D. Tech Integration	E. Prof. Develop- ment
Hired 42 FT Faculty	√	√	√	√	√	√		
Computers for New Faculty	√		√			√	√	
Restored & Created New Classified Positions (9.75 FTE)	√		√		√	√		
Winter Intersession	√	√	√	√	√			
Summer Session 2014 Increased by 446 FTES	√	√	√	√	√	√		
Promise Pathways – ABC, Los Alamitos USD, & St. Joseph’s HS added 2014	√							
Increased Course Offerings	√	√	√	√	√	√		

Resource Allocation towards Goals & Priorities (continued)

	Board Goals			Institutional Priorities				
	1. Student Success	2. Career Technical Education	3. Resource Allocation	A. Fiscal Stability	B. Personnel Resources	C. PCC Ed Master Plan	D. Tech Integration	E. Prof. Develop- ment
Faculty Professional Development Augmentation	√		√					√
Technology Refresh - Multimedia	√	√	√			√	√	
Instructional Equipment – Local Contribution	√	√	√			√	√	
Mobile Application Deployment	√		√				√	
SBDC		√						
TAACCCT Grant		√						
Goldman Sachs 10K Small Businesses		√						

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BAC Budget Assumption Highlights

- There will be budget redirections in response to both the State's budget impact and the priority as identified by the College Planning Committee (CPC).
- FTES Target is 20,700 - Anticipated funding level at 20,307, leaving 393 unfunded (1.9%).
- A 1% deficit factor will be included to offset possible shortfall from apportionment revenues.

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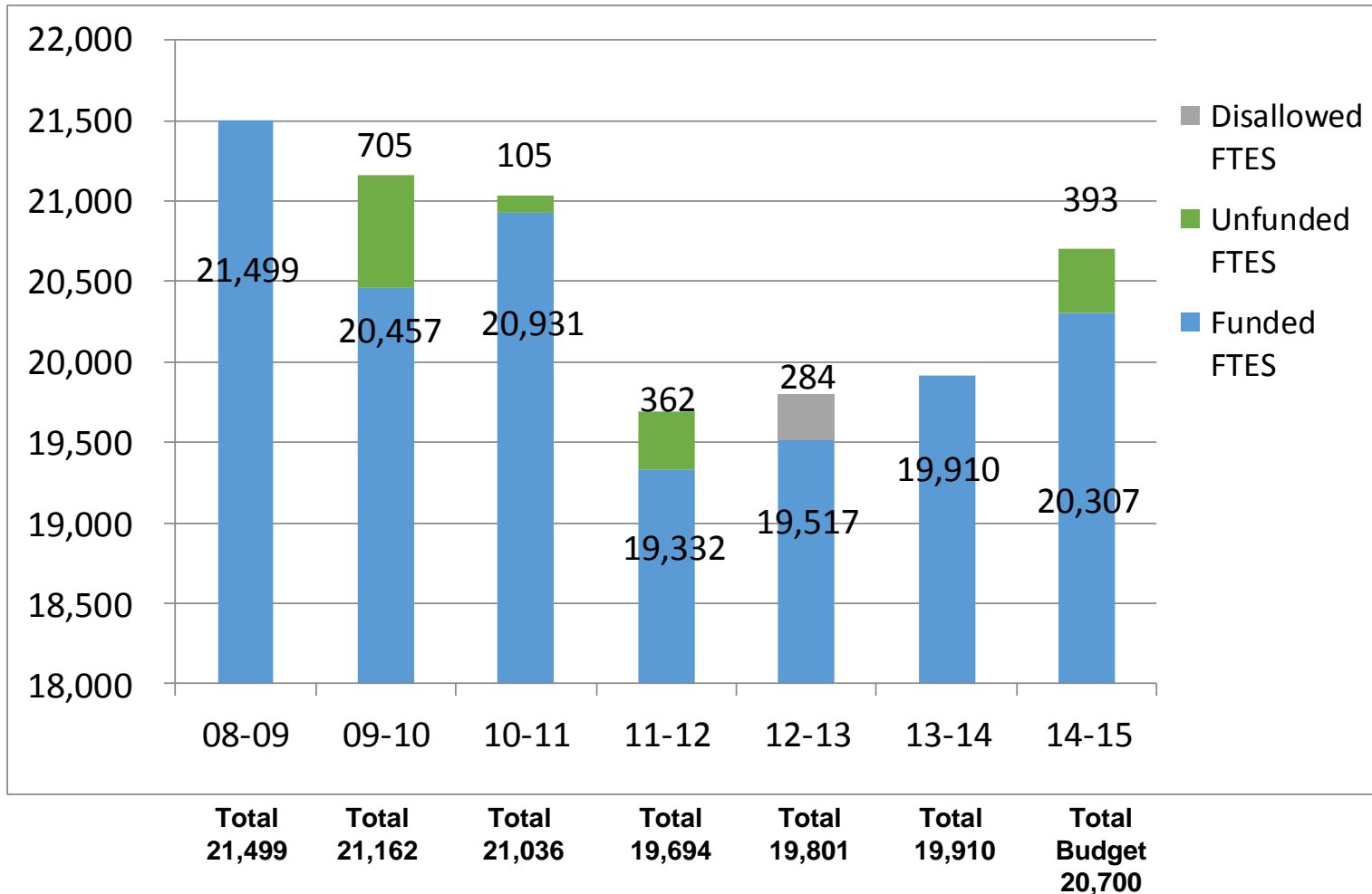
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BAC Budget Assumption Highlights (Continued)

- Total Cost of Ownership – principles shall be employed in department planning and budgeting processes.
- Maintain a 5.5% unrestricted reserve for contingencies.
- Load Banking and Vacation Liability Reserves – \$2.7 million.
- Benefit costs changes:
 - Health and welfare costs increased by 6.1%.
 - STRS increased by 0.63%.
 - PERS increased by 0.329%.
 - Worker's compensation increased by 0.201%.
 - Retiree benefits decreased by 0.44%.

FTES History and Projection



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

	Adopted Budget 2013-14	Unaudited Actual 2013-14	Adopted Budget 2014-15
Unrestricted General Fund	\$ 103.3	\$ 102.8	\$ 111.3
Restricted General Fund	19.1	18.9	24.2
Capital Projects Fund	1.3	1.6	4.8
Child & Adult Development Fund	1.5	1.4	1.5
Contract/Community Education Fund	1.1	0.7	0.8
General Obligation Bond Fund	220.3	37.5	181.7
Retiree Health Fund	2.6	2.3	2.7
Self-Insurance Fund	1.1	0.7	1.5
Student Financial Aid	64.2	45.9	59.3
Vet Stadium Operations	1.2	1.1	1.3
Total	\$ 415.7	\$ 212.9	\$ 389.1

Unrestricted General Fund Overall Summary

	Unaudited Actual 2013-14	Adopted Budget 2014-15	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$106,827,394	\$107,919,726	\$ 1,092,332
Expenditures and Other Outgo	102,806,353	111,278,494	8,472,141
Surplus/(Deficit)	4,021,041	(3,358,768)	(7,379,809)
Fund Balance	\$ 21,201,743	\$ 17,842,975	(\$ 3,358,768)

Unrestricted General Fund Revenue Summary

	Unaudited Actual 2013-14	Adopted Budget 2014-15	Change Increase/ (Decrease)
Federal	\$ 119,590	\$ 119,000	(\$ 590)
Apportionment	98,982,918	100,358,520	1,375,602
Other State	3,935,164	3,946,640	11,476
Local	3,460,458	3,165,057	(295,401)
Other Sources	329,264	330,509	1,245
Total	\$106,827,394	\$107,919,726	\$ 1,092,332

Major Revenue Changes in 2014-15

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- **Apportionment** - \$1.37 million increase is the net of:
 - \$0.68 million due to the reduction of the deficit factor from 1.72% to 1.0%.
 - \$1.85 million in increased access/restoration.
 - \$0.84 million in COLA.
 - (\$2.00) million decrease due to prior year apportionment recalc revenue and full-time faculty adjustment (FON penalty).

Unrestricted General Fund Expenditure Summary

	Unaudited Actual 2013-14	Adopted Budget 2014-15	Change Increase/ (Decrease)
Academic Salaries	\$ 41,896,572	\$ 46,633,449	\$ 4,736,877
Classified Salaries	23,029,660	25,138,248	2,108,588
Benefits	22,445,081	25,549,772	3,104,691
Supplies	626,052	757,902	131,850
Services	9,793,108	8,992,589	(800,519)
Capital Outlay	2,534,124	2,712,584	178,460
Other Outgo	2,481,756	1,493,950	(987,806)
Total	\$ 102,806,353	\$ 111,278,494	\$ 8,472,141

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Major Expenditure Changes in 2014-15

- **Academic Salaries** – \$4.7 million increase is due to hiring 42 new faculty and the proposed 2% & approved 3% salary rate increase for full-time and part-time faculty respectively.
- **Classified Salaries** – \$2.1 million increase is due mainly to the restoration of certain previously cut positions and creation of new positions (9.75 FTE) and the proposed 2% on- and 2% off-schedule increases.
- **Total Benefits** – \$3.1 million increase due to the increase in positions, pay rate increases, and increases to certain benefit rates, most notably the 6.1% health & welfare, 0.63% STRS and 0.329% PERS.

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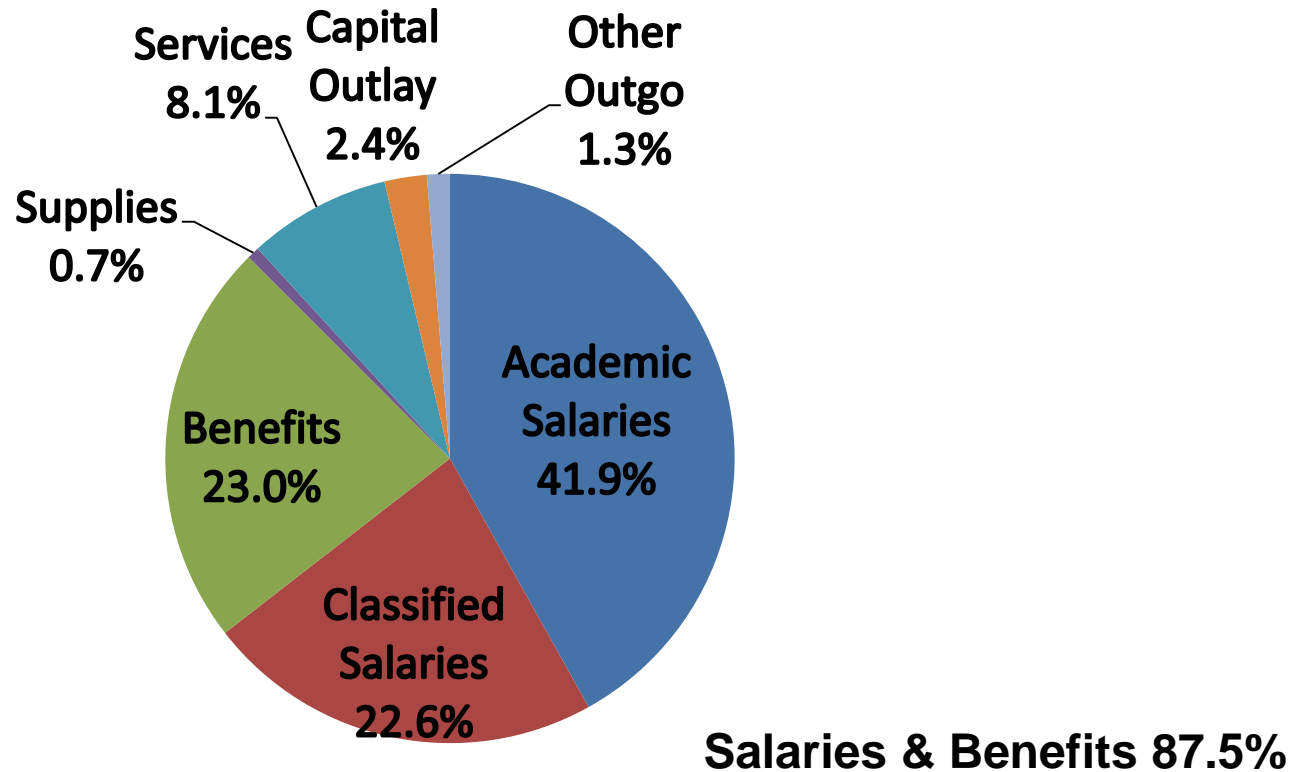
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Major Expenditure Changes in 2014-15

- **Contract Services and Operating Expenses** – (\$0.8) million decrease is due to one-time IRS costs less the net increases in various other areas.
- **Other Outgo** – (\$1.0) million decrease is due to the elimination of the scheduled maintenance match and the 2013-14 one-time additional self-insurance costs.

Unrestricted General Fund Budgeted Expenditures 2014-15



Unrestricted General Fund Reserves

	Adopted Budget
Unassigned Reserves	
Board Mandated Reserve	\$ 6,120,317
Economic Uncertainties	6,630,896
Assigned Reserves	
Potential Enrollment Shortfall	1,854,565
Reserve for New Faculty	576,000
Vacation and Load Banking Reserve	2,661,197
Total	\$17,842,975

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

	08-09 Actual	09-10 Actual	10-11 Actual	11-12 Actual	12-13 Actual	13-14 Unaudited Actual	14-15 Adopted Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	86.7%	87.7%	88.3%	89.0%	89.0%	85.0%	87.5%
Surplus / (Deficit)	(\$0.1)	(\$1.2)	\$4.6	(\$3.3)	\$2.4	\$4.0	(\$3.4)
Ending Balance	\$14.7	\$13.5	\$18.1	\$14.8	\$17.2	\$21.2	\$17.8
Ending Balance as a % of Total Expenses & Other Outgo	13.1%	12.4%	17.4%	14.2%	17.7%	20.6%	16.0%

History of Apportionment Cuts 2009-10 to 2014-15

	Ongoing Increase/ (Decrease)	One-Time Increase/ (Decrease)	Total Increase/ (Decrease)	% Increase/ (Decrease) From 2008-09
2009-10 Recalc	(\$3,428,505)	(\$ 336,836)	(\$3,765,341)	(3.6%)
2010-11 Recalc	2,382,049	(307,263)	2,074,786	2.0%
2011-12 Recalc	(7,277,394)	(1,832,720)	(9,110,114)	(8.8%)
2012-13 Recalc	1,270,278	(215,030)	1,055,248	1.0%
2013-14 Year-End	2,855,001	(1,695,468)	1,159,533	1.1%
2014-15 Budget	2,693,030	(1,013,722)	1,679,308	1.6%
6-Year Total	(\$1,505,541)	(\$5,401,039)	(\$6,906,580)	(6.7%)

History of Unrestricted General Fund Expenditures 2009-10 to 2014-15

	Amount of Cuts	Total Increase/ (Decrease)	Percentage Increase/ (Decrease) From 2008-09
2009-10	(\$5,200,000)	(\$3,742,069)	(3.3%)
2010-11	(5,500,000)	(4,471,849)	(4.0%)
2011-12	(5,800,000)	363,219	0.3%
2012-13	(5,100,000)	(7,679,369)	(6.8%)
2013-14 Year-End	(3,100,000)	5,620,914	5.0%
2014-15 Budget	-	8,472,141	7.5%
6-Year Total	(\$24,700,000)	(\$1,437,013)	(1.3%)

Unrestricted General Fund Two-Year Projection

	Adopted Budget 2014-15	Projected 2015-16
Beginning Fund Balance	<u>\$ 21,201,743</u>	<u>\$ 17,842,975</u>
Prior Year Surplus/(Deficit)	1,493,804	(3,358,768)
Apportionment Changes	2,878,896	2,107,467
Other Revenue Changes	293,097	-0-
New & Restored Positions	(4,878,872)	(576,000)
Salary Rate Increases	(2,691,084)	(318,792)
Other Salary & Benefit Changes	(2,158,759)	(3,001,538)
Other Expense Changes	<u>1,704,150</u>	<u>1,278,812</u>
Net Surplus/(Deficit)	<u>(3,358,768)</u>	<u>(3,868,819)</u>
Ending Fund Balance	<u>\$ 17,842,975</u>	<u>\$ 13,974,156</u>

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Future Budget Challenges

- **Full-Time Faculty Obligation Number (FON):**
 - We hired 42 new full-time faculty.
 - Currently estimate a need to hire 6 new full-time faculty in 2015-16.
 - We will continue to monitor.
- **Proposition 30 revenues are temporary:**
 - Sales tax increase terminates at the end of 2016.
 - Income tax increase terminates at the end of 2018.

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Future Budget Challenges

(continued)

● Discretionary Funding:

- The need for additional discretionary funding continues to increase, but matching requirements and other constraints limit our discretionary revenues.

● Deficits:

- Continued exposure to fluctuating apportionment deficits due to shortfalls in property taxes and fees.

● State Pension Obligations:

- Employer Contributions scheduled to increase each year.
- STRS – 33% unfunded.
- PERS – 20% unfunded.

STRS & PERS Future Employer Rates

Fiscal Year	STRS		PERS	
2013-14	8.25%		11.44%	
2014-15	8.88%	\$ 295,000	11.77%	\$ 78,000
2015-16	10.73%	865,000	12.60%	197,000
2016-17	12.58%	865,000	15.00%	569,000
2017-18	14.43%	865,000	16.60%	379,000
2018-19	16.28%	865,000	18.20%	379,000
2019-20	18.13%	865,000	19.90%	403,000
2020-21	19.10%	454,000	20.40%	119,000
Total		\$5,074,000		\$2,124,000

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Questions?