
 LONG BEACH CITY COLLEGE

Adopted Budget 2018-19

Presented by:
Marlene Dunn
Co-Chair
Budget Advisory Committee

September 12, 2018

1


 LONG BEACH CITY COLLEGE

Overview

Adopted Budget
2018-19
Sept 12, 2018

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

2


 LONG BEACH CITY COLLEGE

Overview (continued)

Adopted Budget
2018-19
Sept 12, 2018

- **Unrestricted General Fund Details**
 - Overall Summary
 - Revenue Summary
 - Major Revenue Changes in 2018-19
 - Expenditure Summary
 - Major Expenditure Changes in 2018-19
 - Reserves
 - 7-Year Trends
- **Future Budget Challenges**

3


 LONG BEACH CITY COLLEGE

State Budget Overview (Governor's Budget)

Adopted Budget
2018-19
Sept 12, 2018

- \$182 million (2.71%) COLA
 - \$3.2 million for LBCC
- \$104 million in one-time funds for hold harmless districts
- \$175 million for the transition to the new formula, and \$73.7 million for apportionment


4

 LONG BEACH CITY COLLEGE

State Budget Overview (continued)

<p>Adopted Budget</p> <p>2018-19</p> <p>Sept 12, 2018</p>	<ul style="list-style-type: none">● New Funding Formula<ul style="list-style-type: none">● 70% Base Grant – FTES● 20% Supplemental Grant – low-income students served● 10% Student Success Grant – degrees, certificates, and other success measures● 3-Year Phase in 2018-19 (70-20-10 split), 2019-20 (65-20-15 split), & 2020-21 (60-20-20 split)● Hold harmless provision for 3 years<ul style="list-style-type: none">● Funding at least 2017-18 level plus COLA
---	---


5

 LONG BEACH CITY COLLEGE

State Budget Overview (Governor’s Budget)

<p>Adopted Budget</p> <p>2018-19</p> <p>Sept 12, 2018</p>	<ul style="list-style-type: none">● New Funding Formula (continued)● “Summer Shift” – continues● Stability funding – continues (Apportionment is equal to the greater of the current year or prior year apportionment.)
---	---

6


 LONG BEACH CITY COLLEGE

State Budget Overview (continued)

Adopted Budget
2018-19
Sept 12, 2018

- \$7.8 million (2.71%) COLA for categorical programs (DSPS, EOPS, CalWORKs & Child Care Tax Bailout)
 - \$80,000 for LBCC
- \$21.5 million (2.71%) COLA for the Adult Education Block Grant
 - \$49,000 for LBCC
- \$28.5 million for Deferred Maintenance/Instructional Equipment
 - \$472,595 for LBCC (100% to Instructional Equipment)

7


 LONG BEACH CITY COLLEGE

State Budget Overview (continued)

Adopted Budget
2018-19
Sept 12, 2018

- \$46 million for the implementation of the California College Promise (AB 19)
 - \$848,000 for LBCC
- \$40.7 million for Full-Time Student Success Grant and the Completion Grant

8


 LONG BEACH CITY COLLEGE

State Budget Overview (continued)

Adopted Budget
2018-19
Sept 12, 2018

- 21 (15 continuing and 6 new) Proposition 51 facilities bond projects approved. \$50 million is allocated in 2018-19. Includes 2 LBCC projects approved in the prior budget year:
 - Buildings M & N, LAC
 - Construction Trades Phase I, Building MM, PCC
- Consolidation of 3 programs:
 - Student Success & Support Program (SSSP)
 - Student Equity
 - Student Success and Basic Skills
- \$120 million (\$100 million one-time and \$20 million ongoing) to establish the California Online Community College

9

 LONG BEACH CITY COLLEGE

Board of Trustees Goals

Adopted Budget
2018-19
Sept 12, 2018

1. Support the implementation of the 2016-2022 Strategic Plan
2. Improve Board governance
3. Support the implementation of an Enrollment Management Plan
4. Support strategies that improve the fiscal long-term health of the college and devise strategies to improve access and affordability for all college students

10

LB LONG BEACH CITY COLLEGE

Strategic Plan Goals

Adopted Budget
2018-19
Sept 12, 2018

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.)

11

LB LONG BEACH CITY COLLEGE

Institutional Priorities

Adopted Budget
2018-19
Sept 12, 2018

In compliance with all regulations and laws, and alignment with the strategic plan goals: innovate to achieve equitable student success, accelerate college readiness, build community, and invest in people and support structures for transformation. The College will primarily focus on:

- A. Creating guided pathways and roadmaps
- B. Maintaining fiscal viability
- C. Expanding our profile within the community to enhance enrollment
- D. Supporting equitable student success through innovation

12



LONG BEACH CITY COLLEGE

Institutional Priorities (continued)


Adopted Budget

2018-19

Sept 12, 2018

- E.** Increasing student retention, completion, and transfer
- F.** Implementing our Strategic Enrollment Management Plan priorities

13



LONG BEACH CITY COLLEGE

Resource Allocation towards Goals & Priorities

	Board Goals		Included in Both		Institutional Priorities			
	1. Implement Strategic Plan	2. Board Governance	3 & F. Strategic Enrollment Management Plan Priorities	4 & B. Fiscal Health	A. Guided Pathways	C. Expand Community Profile to Enhance Enrollment	D. Equitable Student Success	E. Increase Retention, Completion & Transfers
Hiring 8 FT Faculty	√				√	√		√
Winter Intersession	√		√	√		√	√	√
Instructional Equipment	√				√		√	√
Business Process Reviews	√		√	√	√		√	√
LEAD & Leadership Alliance Academy	√							

14



Resource Allocation towards Goals & Priorities (continued)

	Board Goals		Included in Both		Institutional Priorities			
	1. Implement Strategic Plan	2. Board Governance	3 & F. Strategic Enrollment Management Plan Priorities	4 & B. Fiscal Health	A. Guided Pathways	C. Expand Community Profile to Enhance Enrollment	D. Equitable Student Success	E. Increase Retention, Completion & Transfers
The Portal @ LBCC	√					√	√	
SBDC	√			√		√		
Goldman Sachs 10K Small Businesses	√					√		
Award for Innovation in Higher Education	√		√	√	√	√	√	√
Student Equity & SSSP	√		√	√	√		√	√
Strong Workforce	√		√	√	√	√	√	√
IEPI Grant	√			√	√	√	√	√
Adult Ed Regional Consr.	√		√	√	√	√	√	√


15



Resource Allocation towards Goals & Priorities (continued)

	Board Goals		Included in Both		Institutional Priorities			
	1. Implement Strategic Plan	2. Board Governance	3 & F. Strategic Enrollment Management Plan Priorities	4 & B. Fiscal Health	A. Guided Pathways	C. Expand Community Profile to Enhance Enrollment	D. Equitable Student Success	E. Increase Retention, Completion & Transfers
CA Promise Innov. Grant	√		√	√	√	√	√	√
Guided Pathways	√		√	√	√	√	√	√
Pre-Apprenticeship Grants	√		√			√	√	√
Global Trade & Logistics	√		√	√	√	√	√	
Promise Pathways and Related Grants	√		√	√	√	√	√	√
Early College Credit	√		√	√	√	√	√	√
Viking Express	√		√	√	√	√	√	√
Cranium Cafe	√		√	√	√	√	√	√
Starfish Early Alert	√		√		√	√	√	√
HighPoint	√		√	√		√	√	√

16


 LONG BEACH CITY COLLEGE

BAC Budget Assumption Highlights

Adopted Budget
2018-19
Sept 12, 2018

- There will be potential budget redirections in response to both the State's budget impact and the priority as identified by the College Planning Committee (CPC).
- FTES funded and total target is 20,133.
- 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.

17

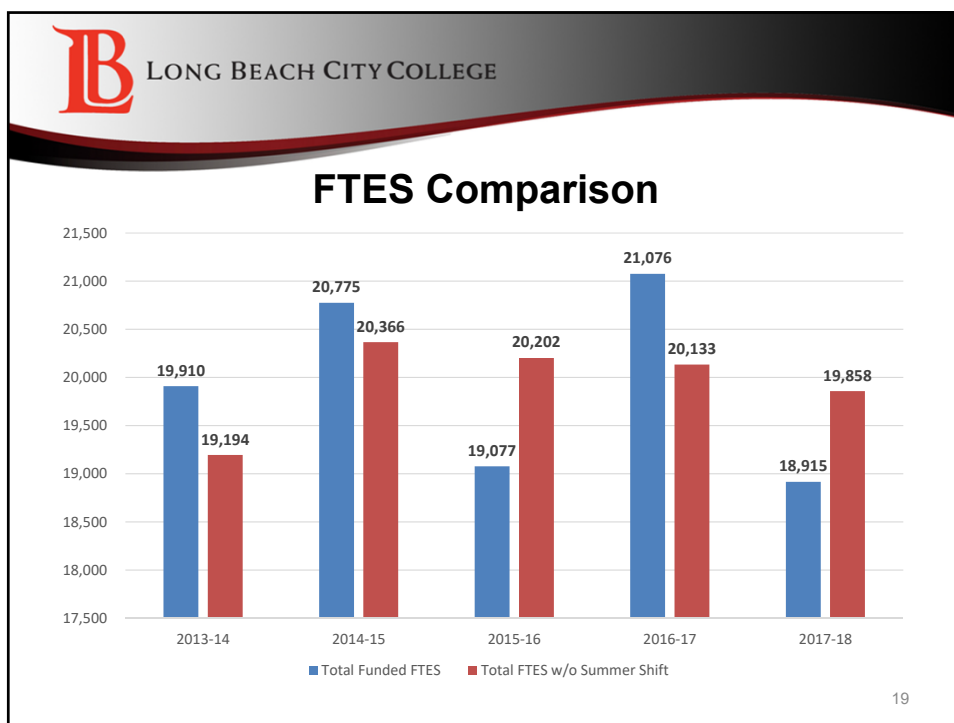
 LONG BEACH CITY COLLEGE

BAC Budget Assumption Highlights (Continued)

Adopted Budget
2018-19
Sept 12, 2018

- 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 1.850% - \$1,496,000
 - PERS increased by 2.531% - \$985,000
 - Percentage of unrestricted salaries and benefits caused by STRS and PERS increase 1.309%
 - Retiree Benefits – Annual Required Contribution (ARC) \$4.1 million
- Health & Welfare Premiums:
 - Increased by 2.2% - \$417,000

18



LONG BEACH CITY COLLEGE

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

	Adopted Budget 2017-18	Unaudited Actual 2017-18	Adopted Budget 2018-19
Unrestricted General Fund	\$ 138.9	\$ 132.1	\$ 137.2
Restricted General Fund	47.0	37.7	42.9
Associated Students Body Fund	1.1	0.9	1.2
Capital Projects Fund	13.2	6.2	34.9
Child & Adult Development Fund	1.9	1.9	2.0
Contract/Community Education Fund	1.2	0.3	1.4
General Obligation Bond Fund 2008 Measure E	141.9	0.0	96.2
General Obligation Bond Fund 2016 Measure LB	785.5	25.5	806.9
Retiree Health Fund	3.3	3.0	3.9
Self-Insurance Fund	1.2	1.0	1.2
Student Financial Aid	43.9	44.3	45.4
Student Representation Fund	0.0	0.0	0.0
Vet Stadium Operations	1.3	1.3	1.3
Total	\$ 1,180.4	\$ 254.2	\$ 1,174.5

20



Unrestricted General Fund Overall Summary

	Unaudited Actual 2017-18	Tentative Budget 2018-19	Adopted Budget 2018-19	*Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$131,825,446	\$133,828,441	\$133,657,806	\$1,832,360
Expenditures and Other Outgo	132,077,593	140,525,010	137,226,191	5,148,598
Surplus/(Deficit)	(252,147)	(6,696,569)	(3,568,385)	(3,316,238)
Fund Balance	\$ 30,220,553	\$ 19,012,613	\$ 26,652,168	\$(3,568,385)

*Change is comparison between 2017-18 Unaudited Actual and 2018-19 Adopted Budget.

21



Unrestricted General Fund Revenue Summary

	Unaudited Actual 2017-18	Tentative Budget 2018-19	Adopted Budget 2018-19	*Change Increase/ (Decrease)
Federal	\$ 140,231	\$ 150,000	\$ 140,000	\$ (231)
Apportionment	118,781,569	121,710,664	121,734,337	2,952,768
Other State	9,193,101	8,116,304	8,040,893	(1,152,208)
Local	3,359,634	3,505,798	3,381,901	22,267
Other Sources	350,911	345,675	360,675	9,764
Total	\$131,825,446	\$133,828,441	\$133,657,806	\$ 1,832,360

*Change is comparison between 2017-18 Unaudited Actual and 2018-19 Adopted Budget.

22

LB LONG BEACH CITY COLLEGE

Major Revenue Changes in 2018-19

Adopted Budget

2018-19

Sept 12, 2018

- **Apportionment** – \$3.0 million increase is the net of:
 - \$3.2 million 2.71% COLA
 - \$0.6 million increase due to no projected faculty obligation penalty in 2018-19
 - (\$0.5) million decrease due to 0.5% deficit factor for 2018-19
 - (\$0.3) million decrease due to prior year apportionment recalculation revenue
- **Other State Revenue** – (\$1.1) million decrease due to:
 - (\$0.6) million decrease in one-time Mandated Cost Revenue
 - (\$0.5) million decrease in State Lottery revenue

23


LB LONG BEACH CITY COLLEGE

Unrestricted General Fund Budgeted Revenue & Other Sources 2018-19

Source	Percentage
State Principal Apportionment	91.08%
Other State Revenue	6.02%
Other Local	2.53%
Other Sources	0.27%
Federal	0.10%

Source	Percentage
State General Apportionment	53.40%
Property Taxes	27.35%
Enrollment Fees	5.67%
EPA	13.58%

24




Unrestricted General Fund Expenditure Summary

	Unaudited Actual 2017-18	Tentative Budget 2018-19	Adopted Budget 2018-19	*Change Increase/ (Decrease)
Academic Salaries	\$ 54,160,206	\$ 56,223,736	\$ 54,599,428	\$ 439,222
Classified Salaries	27,462,494	28,643,463	27,516,642	54,148
Benefits	37,659,660	40,998,440	40,126,876	2,467,216
Supplies	737,174	878,691	852,180	115,006
Services	8,774,074	9,925,945	9,938,111	1,164,037
Capital Outlay	1,281,394	1,617,285	1,710,299	428,905
One-Time	607,268	855,850	1,036,655	429,387
Other Outgo	1,395,323	1,381,600	1,446,000	50,677
Total	\$132,077,593	\$140,525,010	\$137,226,191	\$ 5,148,598

*Change is comparison between 2017-18 Unaudited Actual and 2018-19 Adopted Budget.

25



Major Expenditure Changes in 2018-19

<p>Adopted Budget</p> <p>2018-19</p> <p>Sept 12, 2018</p>	<ul style="list-style-type: none"> ● Academic Salaries – the \$0.4 million increase is due mainly to hiring 8 new full-time faculty, negotiated salary increases, offset by decrease in full-time salaries for 17 faculty retirees, and increase in part-time teaching salaries to backfill for retirees. ● Classified Salaries – No change. Increases for negotiated salary increases, step and column increases, and budget for vacancies are offset by salary savings from SERP retirees. ● Total Benefits – \$2.5 million increase is due to the increase in positions, salaries, and increases to certain benefit rates, most notably the 1.85% for STRS, the 2.531% for PERS, 2.2% increase to health and welfare benefits, and additional \$703,308 SERP pension for 2017-18 retirees.
---	---

26

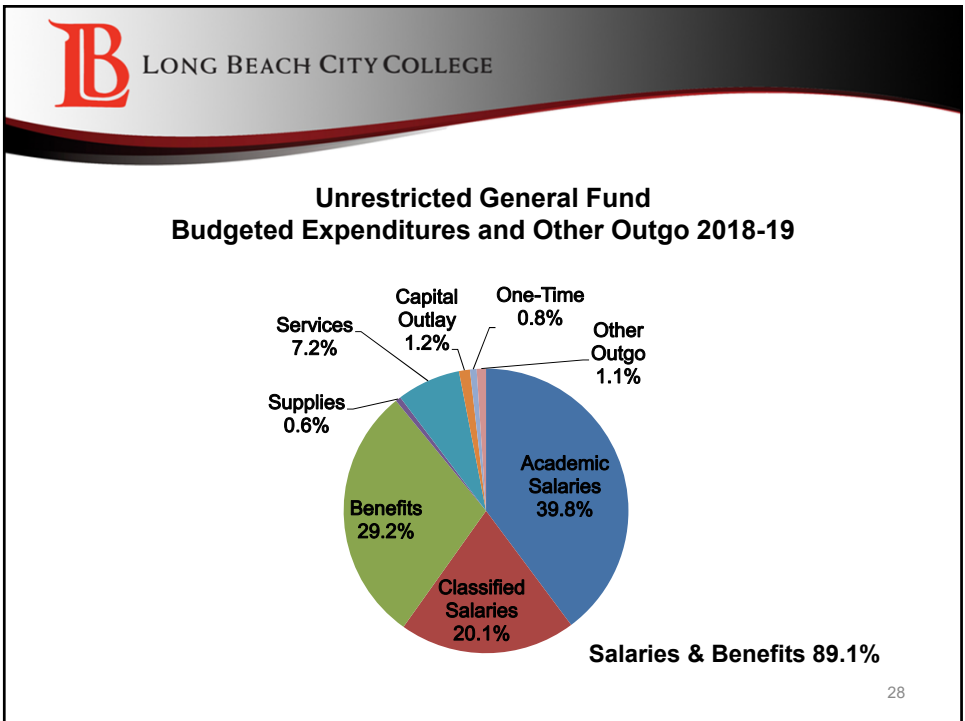
LB LONG BEACH CITY COLLEGE

Major Expenditure Changes in 2018-19 (continued)

Adopted Budget
2018-19
Sept 12, 2018

- ◆ **Contract Services and Operating Expenses** – \$1.2 million increase is mainly due to the increase in professional services and other expenses less the decrease for the cost of elections, which are held every other year.

27



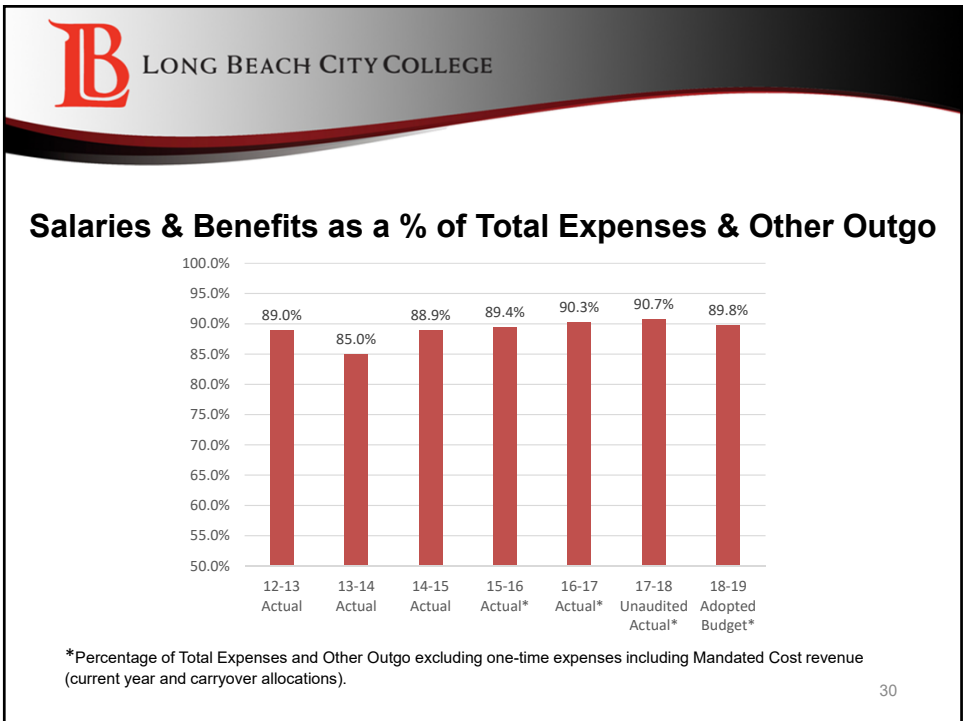
LB LONG BEACH CITY COLLEGE


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

	12-13 Actual	13-14 Actual	14-15 Actual	15-16 Actual	16-17 Actual	17-18 Unaudited Actual	18-19 Adopted Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	89.0%	85.0%	88.9%	82.8% 89.4%*	88.9% 90.3%*	90.3% 90.7%*	89.1% 89.8%*
Surplus / (Deficit)	\$2.4	\$4.0	\$4.4	\$2.7	\$2.2	(\$0.3)	(\$3.6)
Ending Balance	\$17.2	\$21.2	\$25.6	\$28.3	\$30.5	\$30.2	\$26.7
Ending Balance as a % of Total Expenses & Other Outgo	17.7%	20.6%	24.0%	21.4%	24.4%	22.9%	19.4%

*Percentage of Total Expenses and Other Outgo excluding one-time expenses including Mandated Cost revenue (current year and carryover allocations).

29






LONG BEACH CITY COLLEGE

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

	Adopted Budget 2018-19	Projected 2019-20	Projected 2020-21
Projected Revenue			
Apportionment Revenue	\$121.7	\$124.9	\$128.2
Other Revenue	11.9	12.0	12.0
Total Available Funding	133.6	136.9	140.2
Projected Expenses			
Expenditure Base (Prior Year)	132.1	137.2	143.3
Adjustments to Operations	2.2	0.1	0.8
Adjustments to Compensation/Benefits	2.9	6.0	2.6
Total Projected Expenses	137.2	143.3	146.7
Projected Surplus/ (Deficit)	(3.6)	(6.4)	(6.5)
Projected Ending Fund Balance	\$26.7	\$20.2	\$13.6
% of Expenses	19.4%	14.1%	9.3%

31



LONG BEACH CITY COLLEGE

Adopted Budget

2018-19

Sept 12, 2018

Future Budget Challenges

- **Enrollment:**
 - Goal is to reach 20,133 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:**
 - STRS and PERS obligations will continue to increase rapidly in the upcoming years.

32

STRS & PERS Future Employer Rates

Fiscal Year	STRS	PERS	Total
2013-14	8.25%	\$ (131,947)	\$ (138,257)
2014-15	8.88%	227,313	598,173
2015-16	10.73%	1,779,636	1,908,620
2016-17	12.58%	1,270,151	2,203,307
2017-18	14.43%	1,193,075	2,032,191
2018-19	16.28%	1,496,000	2,481,000
2019-20	18.13%	955,000	1,959,000
2020-21	19.10%	535,000	1,497,000
2021-22	20.10%	552,000	944,000
2022-23	20.25%	83,000	332,000
Total		\$ 7,959,228	\$ 13,817,034

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

33

Future Budget Challenges (continued)

Adopted Budget

2018-19

Sept 12, 2018

- **Deficit Spending:**
 - The 2018-19 Adopted Budget includes \$3.6 million in deficit spending.
 - \$1.0 million of that is due to one-time projects.
 - Need to continue monitoring ongoing expenditures and identify budget cuts to ensure that structural deficits do not become unmanageable on a long-term basis.
- **Success Metrics:**
 - We will work together to implement processes to help us improve results for our students including degree and certificate attainment and transfers.

34



LONG BEACH CITY COLLEGE

Adopted Budget

2018-19

Sept 12, 2018

Questions?

35