



# Budget Advisory Committee

## Minutes

May 15, 2017  
Meeting

*Approved*

**ATTENDANCE (A = absent):**

✓	Chris Carter	✓	Ann-Marie Gabel	✓	Eva Bagg
✓	Cindy Baker	✓	Sara Blasetti	A	Lou Anne Bynum
✓	Sem Chao	A	Cathy Crane	A	Sheila Daniels
✓	Rose DelGaudio	✓	Thomas Hamilton	A	James Henchey
✓	Karen Kane	✓	Terri Long	A	Greg Peterson
✓	Seth Ramchandran	A	Adrianna Scott	A	Mollie Smith
✓	John Thompson				

**NOTE TAKER:** Janet Falcon

**Welcome (Chris)**

- Chris welcomed everyone to the meeting.

**Approval of Minutes (Chris)**

- The minutes of the April 17, 2017 meeting were approved as submitted.

**FTES Summary 2016-17 P-2 (Eva)**

*(Refer to “FTES Analysis” handout)*

- Eva reviewed the FTES Summary for 2016-17 P-2.
  - Changes in Summer #1 – Prior Year (Summer 2016) was revised due to Admissions & Records updating registrations with the most current residency information and additional positive attendance hours that may have been input.
  - The amount of FTES needed from Summer 2017 is estimated to be 525.69 to reach the 20,775 target and get out of stabilization.
  - The District was conservative in estimating the target for Non-Credit funding. The P-1 estimated funding has been adjusted. The variance of 108.23 FTES is due to reporting excess hours taught in success centers as non-credit this year whereas last year the District did not.

	Prior Year 2015-16	Current Year					
		2016-17		Target to P-2		(15/16 to 16/17 P-2)	
		Target	P-2	Variance	%	Change	%
			(Actual)		Variance		
Total FTES	19,077.33	20,775.58	20,775.00	(0.58)	0.00%	1,697.67	8.90%

- Chris asked if the FTES amount of 20,775.58 was the target to get out of stabilization. Ann-Marie confirmed that statement and added if the District comes out of stabilization in the current fiscal year, the District would not have any loss of revenue for apportionment.

**Apportionment Calculations April Revisions 2015-16 Recalc & 2016-17 (P-2 FTES) (John)**

*(Refer to “Apportionment Calculation – Budget 2015-16 Recalc & 2016-17 P-1 Apportionment – April Revision” handout)*

- John discussed the Apportionment Calculations April Revisions 2015-16 Recalc and 2016-17 (P-2 FTES).

	<b>2015-16 Recalc Annual FTES Amount</b>	<b>2016-17 P-1 Apr Rev. P-2 FTES Amount</b>	<b>2017-18 Proj. May Rev. Amount</b>	<b>Change from 2016-17 Amount</b>
Total Base Revenue	103,656,853	102,570,031	112,507,654	9,937,623
COLA Adjustment (1.02%/0.0%/1.56%/1.56%)	978,056	-	1,755,119	1,755,119
Restoration/Growth	(7,769,015)	8,382,591	-	(8,382,591)
Full-Time Faculty Hiring	1,054,406	91,727	-	(91,727)
Base Increase FON	4,649,731	15,117	-	(15,117)
Base Increase Non-FON	-	1,449,327	2,768,000	1,318,673
Stability Adjustment	8,316,945	-	-	-
Total Computational Revenue	110,886,976	112,508,793	117,030,773	4,521,981
Deficit Factor (0.00%/1.31%/0.50%/- 0.81%)	0	(1,470,923)	(585,154)	885,769
Adjusted Computational Revenue	110,886,976	111,037,870	116,445,620	5,407,750
Funded FTES	19,077.33	20,775.00	20,775.00	0.00

**3<sup>rd</sup> Quarter Performance Report (General Fund Unrestricted) (John)**

*(Refer to “2016-17 Third Quarter Budget Performance Report” handout)*

- John reviewed the 2016-17 Third Quarter Budget Performance Report.
  - Revenues and Other Sources are projected to be \$123,105,980 and is (\$880,891) below the Adopted Budget. The Loss on BOGG Waivers line item shows a loss of \$206,793 which is for the District’s responsibility of not implementing the new guidelines required for BOGG Waivers in Fall 2016, Winter 2017, and Spring 2017.
  - Deficit Factor may be adjusted for P-2.
  - Expenses – The savings in Salaries and Benefits are due mainly to vacancies.
  
- Thomas asked about the BOGG Waiver process for tracking students. Ann-Marie stated there are new processes being put in place in order to capture the students that become ineligible. Within thirty days after the end of the semester, students will get a letter offering suggestions to those that are at risk of losing the BOGG waiver. Students may appeal through Enrollment Services. Students can continue to attend LBCC; however, they will not be eligible for the BOGG Waiver. Admissions and Records is currently contacting students and the total amount projected may be lower. Seth encouraged the requirements for the BOGG Waiver be communicated to the students before the semester. Ann-Marie said the students are informed of the requirements when they are awarded their financial aid. Sara commented that Counseling 1 has a financial aid component in the program. Thomas asked if all the colleges will be implementing this change. Ann-Marie said that all colleges in California are required to report to the Chancellor’s Office the BOGG Waiver information.

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- Thomas asked about the savings for Classified what percentage is the savings. John said of the total Classified the \$1.2 million represents about 4%. Rose added the 1% cost for a Classified salary rate is \$317,000.
- Chris asked about the line item for Professional Services. John confirmed a good portion of the \$3.6 million savings will be carried forward to 2017-18. Funding for one-time mandated costs, instructional equipment, business process review, and the new website will also carry forward. The allocations that were previously made will be honored in 2017-18.
- Thomas asked about the status for the new website. Ann-Marie said a soft deployment is currently scheduled for June. Highpoint is another option for students to currently register via a mobile device.
- Projected savings in Total Expenditures and Other Outgo is approximately \$6.9 million in savings from the Adopted Budget. The deficit is currently projected at \$4.5 million.
- Chris asked how much of the \$4.5 million deficit is considered a structural deficit. Sem said after the carryover of approximately \$4 million in one-time money and the funds spent for the business process review, she estimates the structural deficit would be approximately \$2.5-3 million.
- Rose asked for clarification for the savings in Classified Non-Instructional Salaries of \$756,000. Ann-Marie said the amount represents the difference between the current budget of \$15.9 million and the projected expenditures of \$15.2 million. The projected year-end is calculated by taking into account any positions that may be filled within the rest of the fiscal year.
- The Assigned Reserves for the Business Process Reviews and One-time Mandated Costs Carryover will rollover to 2017-18.

### **Fund Balance Projections (2017-18 & 2018-19) (John)**

(Refer to "LBCC Fund Balance Projection" handout)

- John reviewed the Fund Balance Projections for 2017-18 & 2018-19 focusing on the major changes between the two years. The chart below summarizes the spreadsheet.

	<b>Projected 2017-18</b>	<b>Projected 2018-19</b>
UNRESTRICTED		
<b>Beginning Fund Balance</b>	23,841,180	12,283,909
Prior Year Revenue (Projection)	123,105,980	126,524,330
Apportionment Changes	5,155,341	2,738,194
Other Revenue Changes	(1,736,991)	-
Projected Revenue	126,524,330	129,262,524
Prior Year Expense (Projection)	(127,559,988)	(138,081,601)
New and Restored Positions	(2,709,221)	-
Salary Rate Changes	-	(265,877)
Other Salary & Benefit Changes	(5,425,800)	(3,954,000)
Other Expense Changes	(2,386,592)	4,651,292
Projected Expense	(138,081,601)	(137,650,186)
Net Surplus/(Deficit)	(11,557,271)	(8,387,662)
<b>Projected Ending Fund Balance</b>	12,283,909	3,896,247
Percentage of Total Expenses and Other Outgo	8.90%	2.83%

- Discussion on PERS and STRS and the implications on the District and the employees in the future. The PERS rate will be 15.5% in 2017-18 and it costs the District an additional 44% of a person's full-time salary to cover all benefits for a Classified employee. When the PERS rates increase in the next few years, it may cost the District close to 60% of a person's salary to cover their benefits.
- Ann-Marie noted the budget is increased each year by approximately 4% for Step and Longevity, Health and Welfare, STRS, and PERS. She added at the state level, the advisory group to the Chancellor's Office is reviewing a new funding model. Accountability measures may be put into place in the future.
- Karen commented there seems to be very to little hiring of faculty for 2018-19. Ann-Marie agreed and said the District is still looking at what the numbers will be for 2017-18 to determine what the FON numbers will be for 2018-19. Anything less than the FON minimum would have a penalty.

**State Budget Update (Ann-Marie)**

*(Refer to "May Revise Budget Update" memo and the "Community College Update" handouts)*

- Ann-Marie discussed the information the District has received regarding the State Budget Update including the following highlights:
  - May Revise Budget Update was emailed district-wide. There was good news in the May Revise including a base increase with \$3.1 million.
  - \$97 million for COLA at a rate of 1.56% - estimating \$1.7 million for LBCC.
  - \$57.8 million (1%) for growth funding – estimating \$0 due to flat projections for LBCC.
  - \$183.6 million for a base increase – estimating \$3.1 million for LBCC.
  - \$5 million for Full Time Student Success Grants – estimated \$88 thousand for LBCC students.
  - \$5.6 million for COLA at a rate of 1.56% for DSPS, EOPS, CalWORKS and the Child Care Tax Bailout program – estimating \$58 thousand for LBCC.
  - \$20 million for Innovation Awards – a competitive grant process so it is unknown whether the District will apply and/or be funded.
  - \$135.8 million for Deferred Maintenance & Instructional Equipment – estimating \$0 for LBCC in 2017-18. These funds are considered contingency funds and will not be distributed until June 2019. If the funding holds for June 2019, it is estimated LBCC will receive \$2.5 million at that time. The State has been overpaying the districts in appropriations and have decided to budget the amounts in this unique manner.
  - \$46.5 million for Proposition 39 energy efficiency projects – estimating \$841,000 for LBCC to use towards lighting retrofits.
  - \$150 million for Guided Pathways – LBCC estimate is unknown at this time since the funding allocation formula has not been created yet.
  - \$10 million for an Online Education Initiative learning management system, CANVAS.
  - \$6 million for the integrated library service system through the Chancellor's Office to be used statewide ultimately saving the colleges money.
  - The budget process now goes through the Assembly and the Senate. The Governor is expected to sign the budget by July 1, 2017.
- Thomas asked about the growth rate for the District. Ann-Marie responded the current growth rate is 0.5% of our FTES which equals approximately 100 FTES. If the District grows by 1 FTES, we would qualify for growth funding with a maximum of 100 FTES for 2017-18.

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- Karen asked about the goal of 12.5% as a goal for Reserves. She asked if we need to adjust the goal. John said the amount was a goal and to be used as a guidance. One of the reference handouts from the previous BAC meeting explained how organizations can develop plans to get back to their goal. Karen doesn't think the District would be able to reach the long term goal of 15% within 6 years. Ann-Marie said it is too late to adjust the goals at this point but that it would be the focus of the Budget Advisory Committee to review and implement a plan in order to decrease expenses.

**Other (Chris)**

- None

Meeting adjourned at 4:42 pm.

**Next Meeting:** Monday, June 5<sup>th</sup> at LAC – T-1046 at 3:00 pm