

# **Tentative Budget 2010-11**

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

**June 22, 2010**

## Tentative Budget

2010-11

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# Overview

- State Budget Overview
- Board Budget Guidelines
- Institutional Goals
- BAC Planning Assumption Highlights
- FTES History and Projection
- List of All District Funds – Expenditures & Other Outgo
- Expenditure Reductions

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## **Overview** (continued)

- **Unrestricted General Fund Details**
  - Overall Summary
  - Revenue Summary
  - Major Revenue Changes in 2010-11
  - Expenditure Summary
  - Other Outgo
  - Major Expenditure Changes in 2010-11
  - Reserves
  - Breakdown between Fixed and Discretionary Budgets
  - 8-Year Trends
- **Future Budget Challenges**

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# State Budget Overview

- Negative COLA (-0.38%), \$378,000 loss of revenue for Long Beach City College
- 2.21% growth – If this line item remains in the budget, it will be used to offset the 3.39% reduction imposed on us for the current fiscal year. As recommended by the Budget Advisory Committee, we have not reflected any growth funding within the Tentative Budget.
- Student fees to remain at \$26 per unit.

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## State Budget Overview (continued)

- Apportionment cash deferrals continue - approximately \$18 million
  - Tax Revenue Anticipation Notes (TRANS) possible
- EOPS cut \$10 million - approximate \$166,000 decrease for LBCC
- Part-time faculty compensation cut \$10 million – approximate \$182,000 decrease LBCC

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## State Budget Overview *(continued)*

- No backfill for ARRA funding – loss of \$517,662 for LBCC
- Increase CTE funding by \$20 million for SB 70 grants - competitive grants, not available for general purposes
- Elimination of CalWORKs program (\$6 million elimination of TANF funding) - loss of approximately \$763,000 for LBCC

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## Board Budget Guidelines

- Commitment to Reduce Deficit Spending
  - \$3,817,245 deficit spending to maintain service levels to students
- 5.5% General Fund Reserve (\$5,962,410 at 5.5%)
  - \$5,420,373 in reserve (5.0%)
- Student Success Plan
  - \$3,927,809 Unrestricted General Fund
  - \$1,038,315 Restricted General Fund

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## **Board Budget Guidelines** (continued)

- Sound reserve for Facilities Maintenance
  - \$28,156 budgeted reserve in the Unrestricted General Fund (carried over from prior year)
- Sound reserve for Technology Replacement and Support
  - \$249,631 budgeted reserve in the Unrestricted General Fund (carried over from prior year)



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## **Institutional Goals**

**(Top five ranked by College Planning Committee)**

- **Fiscal Responsibility**
  - Maintain the college's fiscal stability to afford opportunities for addressing both the current and changing economic conditions of the internal and external environments and ensure compliance with Federal, State, and local rules and regulations.
  
- **Student Success**
  - Increase the number of certificates, AA and AS degrees, and students who transfer.

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## Institutional Goals

(Top five ranked by College Planning Committee)  
(continued)

- Basic Skills
  - Develop and enhance learning environments and instructional approaches that support academic success in basic skills to promote student attainment of educational and career goals
- Pacific Coast Campus
  - Develop and expand curriculum and support services at the Pacific Coast Campus to meet the unique needs of the campus and local community.

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## **Institutional Goals**

**(Top five ranked by College Planning Committee)  
(continued)**

- Career Technical Education
  - Improve the college's career technical education programs in terms of their relevance and viability in the economy and flexibility to adapt changes and needs of local workforce and industry.

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# BAC Planning Assumption Highlights

- There will be budget redirections and potential reductions in response to both the State's budget impact and the priorities as identified by the College Planning Committee (CPC) for 2010-11 College Priorities. The organization of the budget will be the same as 2009-10.
- Maintain a 5.5% unrestricted reserve for contingencies
  - Temporary 5.0% reserve for Tentative due to extraordinary budget situation.

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## **BAC Planning Assumption Highlights** (Continued)

- Deficit spending will be minimized
- Carryover will only exist for the Technology Master Plan and Facilities Improvement Funds.
- Negative (0.38%) COLA is budgeted
- No Growth is budgeted. Target FTES is 20,457
- A 2% deficit factor will be included to offset possible short fall from apportionment revenues.

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## **BAC Planning Assumption Highlights** (Continued)

- Stability Reserve
  - Unable to fund due to budget constraints
- Load Banking Reserve
  - Unable to fund due to budget constraints
- Vacation Liability Reserve
  - Unable to fund due to budget constraints

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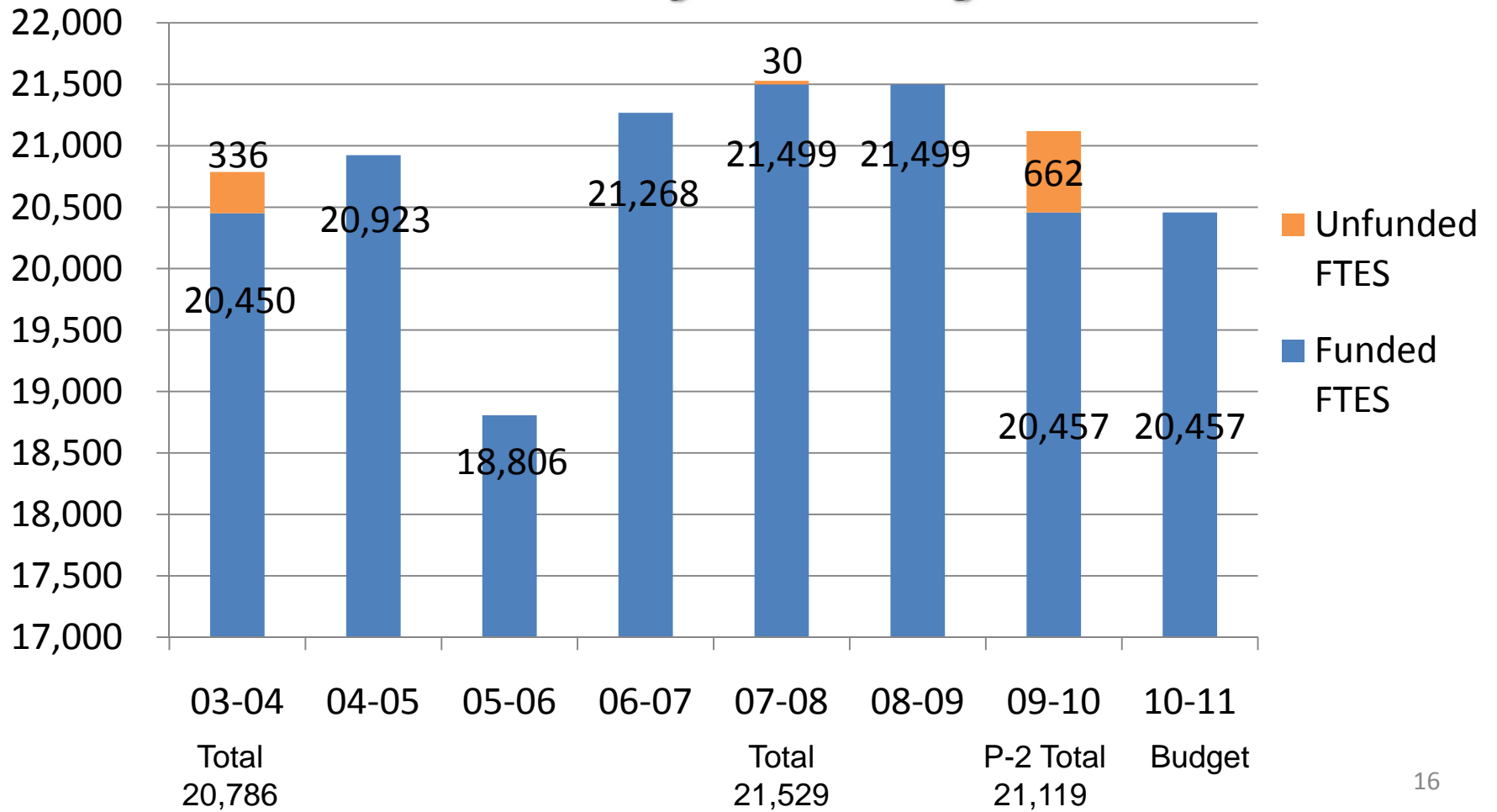
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# BAC Planning Assumption Highlights (Continued)

- Lottery income estimates are provided by School Services of California
  - \$361,331 contribution from the Unrestricted General Fund which reflects a 15% reduction to instructional supply accounts from the 2009-10 level
- Benefit costs continue to increase:
  - Health and welfare costs increased 3.5%
  - PERS rate expected to increase for the adopted budget
- Part-time hourly budget will contain sufficient dollars to meet the FTES target in accord with the enrollment management plan

## FTES History and Projection





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

	Adopted Budget 2009-10	Estimated Actual 2009-10	Tentative Budget 2010-11
Unrestricted General Fund	\$ 113.3	\$ 112.5	\$ 108.4
Restricted General Fund	20.9	22.8	16.6
Capital Projects Fund	17.2	1.5	15.9
Child & Adult Development Fund	1.9	1.6	1.6
Contract Ed./Comm. Service	0.7	1.0	0.7
General Obligation Bond Funds	321.3	49.7	491.3
Retiree Benefits Fund	2.4	2.3	3.5
Self-Insurance Fund	1.0	1.0	1.0
Student Financial Aid	40.9	50.6	50.8
Vet Stadium Operations	1.0	1.0	1.0
<b>Total</b>	<b>\$ 520.6</b>	<b>\$ 244.0</b>	<b>\$ 690.8</b>

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## **Expenditure Reductions - \$2.8 Million**

- Management Team Reductions - \$706,000
  - Furloughs of 6.15% - \$620,000
  - Evening dean duties saving \$86,000
- Faculty Furloughs of 2.3075% - \$661,000
- Early retirement/resignation incentives for management and classified - \$608,000
- SERP for faculty saving \$350,000
- 50% reduction in advertising costs totaling \$50,000

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**Expenditure Reductions - \$2.8 Million**  
(continued)

- Reorganization of the Senior Center - \$167,000
- Reduction of the Wellness budget - \$7,100
- 50% reduction in Dean's operating budgets totaling \$62,000
- 15% reduction in instructional supply budgets totaling \$114,000
- Converting to online class schedules saving \$65,000

## Unrestricted General Fund Overall Summary

	Estimated Actual 2009-10	Tentative Budget 2010-11	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$ 107,301,541	\$ 104,590,205	\$ (2,711,336)
Expenditures and Other Outgo	112,527,015	108,407,450	(4,119,565)
Surplus/(Deficit)	(5,225,474)	(3,817,245)	1,408,229
Fund Balance	\$ 9,523,405	\$ 5,706,160	\$ (3,817,245)

## Unrestricted General Fund Revenue Summary

	Estimated Actual 2009-10	Tentative Budget 2010-11	Change Increase/ (Decrease)
Federal	\$ 633,662	\$ 116,000	\$ (517,662)
Apportionment	98,701,385	97,073,767	(1,627,618)
Other State	3,044,966	2,655,323	(389,643)
Local	4,120,362	4,067,707	(52,655)
Other Sources	801,166	677,408	(123,758)
Total	\$107,301,541	\$104,590,205	\$(2,711,336)

## Major Revenue Changes in 2010-11

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- \$0.5 million decrease in federal revenue caused by one-time ARRA funding in 2009-10.
- \$1.6 million decrease in apportionment revenue is composed of \$1.3 million due to increased deficit from 0.7% to 2.0% plus \$0.3 million from the (0.38%) negative COLA.
- \$0.4 million decrease in other state revenue consists of decreases in mandated cost reimbursement, part-time faculty compensation & state lottery revenues.

## Unrestricted General Fund Expenditure Summary

	Estimated Actual 2009-10	Tentative Budget 2010-11	Change Increase/ (Decrease)
Academic Salaries	\$ 47,061,384	\$ 44,909,713	\$ (2,151,671)
Classified Salaries	26,062,633	25,046,687	(1,015,946)
Benefits	24,156,824	23,276,517	(880,307)
Supplies	1,058,650	1,010,003	(48,647)
Services	9,954,484	11,004,764	1,050,280
Capital Outlay	712,175	423,825	(288,350)
Other Outgo	3,520,865	2,735,941	(784,924)
Total	\$ 112,527,015	\$108,407,450	\$ (4,119,565)

## Unrestricted General Fund – Other Outgo

	Estimated Actual 2009-10	Tentative Budget 2010-11	Change Increase/ (Decrease)
Interfund Transfers Out:			
To Child Development Fund	63,658	48,697	(14,961)
ARRA Allocated to Categoricals	482,887	34,775	(448,112)
To DSPS	898,862	653,472	(245,234)
To EOPS	195,070	258,496	63,426
To Federal Work Study	110,437	90,853	(19,584)
To Instructional Supplies	470,862	361,331	(109,531)
To Instructional Equipment	34,217	0	(34,217)
To Veteran's Services	92,966	93,317	351
To Self Insurance Fund	975,000	975,000	0
To Student Financial Aid Fund	196,906	220,000	23,094
Total	3,520,865	2,735,941	(784,924)



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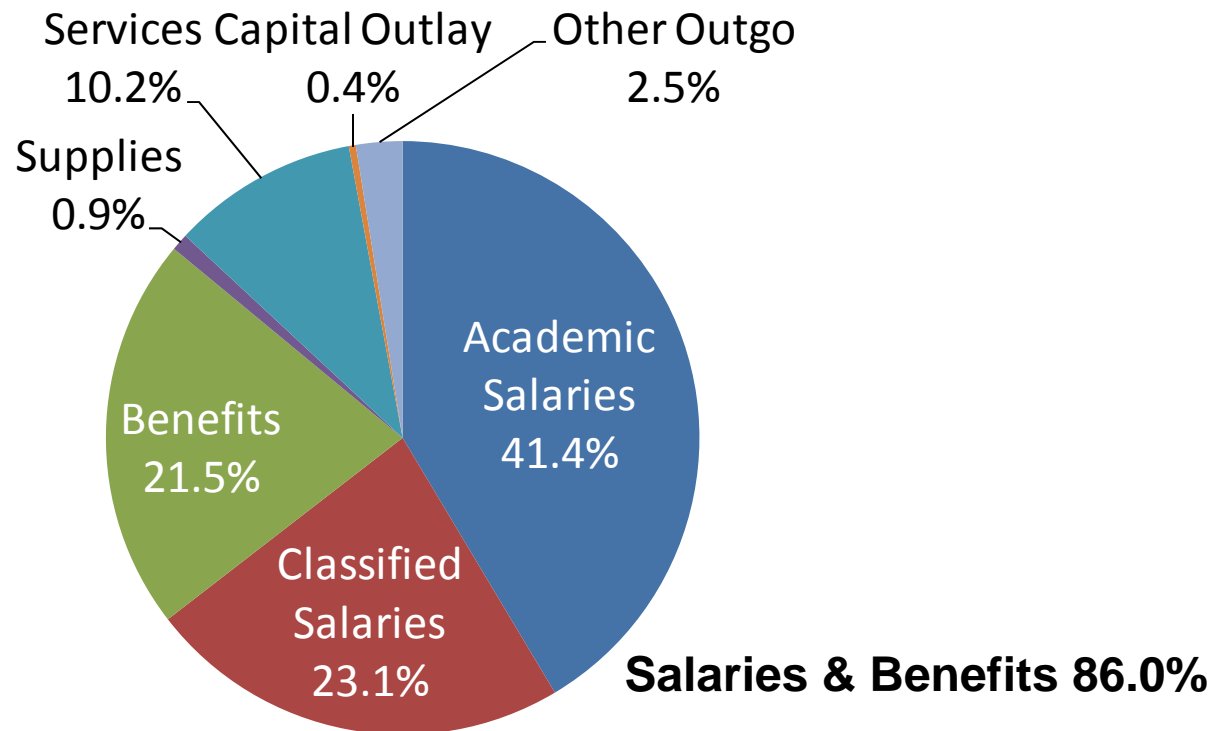
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## Major Expenditure Changes in 2010-11

- **Academic Salaries** - \$2.2 million decrease is due to savings from the retirement of 16 faculty & 2 counselors, 2.3075% furlough savings and class section reductions of over 10% due to reduced state apportionment funding
- **Classified Salaries** - \$1.0 million decrease is due to retirement incentive savings, the freeze on most vacant positions, the reduction in force of 16 full-time equivalent positions and the increase in management furloughs to a total of 6.15%
- **Services** - \$1.1 increase: major increases include utilities in new buildings, copier maintenance and increase in the police contract and other contracts. 2009-10 spending for other services and expenses was curbed due to the budget crisis.

# Unrestricted General Fund Budgeted Expenditures 2010-11



## Unrestricted General Fund Reserves

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Board Mandated Reserve – 5.5% (5.0% for Tentative)	\$ 5,420,373
Facilities Maintenance Reserve	28,156
Technology Replacement and Support Reserve	249,631
Vacation and Load Banking Reserve	0
Economic Uncertainties	0
Reserve for Contingencies – Personnel Commission	8,000
Total	\$ 5,706,160

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### Unrestricted General Fund Breakdown between Discretionary and Fixed Budgets

	Tentative Budget 2010-11	Percentage of Total Tentative Budget
<b>Fixed Costs:</b>		
Academic Salaries	\$30,794,723	28.41%
Classified Salaries	24,321,941	22.43%
Benefits	23,276,517	21.47%
<b>Total Salary &amp; Benefit Costs</b>	<b>78,393,181</b>	<b>72.31%</b>
<b>Other Fixed Costs:</b>		
Software	704,399	0.65%
Professional Services (LBPD)	2,657,625	2.45%
AQMD Fees	35,000	0.03%
Utilities	3,131,739	2.89%
Audit, Election, TRAN & Legal Services	576,450	0.53%
Student Services Credit Card Fees	220,164	0.20%
Lease/Purchase	250,500	0.23%
Interfund Transfer Out (Required Match)	2,106,968	1.94%
<b>Total Other Fixed Costs</b>	<b>9,682,845</b>	<b>8.93%</b>
<b>Total Fixed Costs</b>	<b>\$ 88,076,026</b>	<b>81.25%</b>

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## Unrestricted General Fund Breakdown of Discretionary Budgets

	Tentative Budget 2010-11	Percentage of Total Tentative Budget
<b>Discretionary Costs:</b>		
Academic Hourly Salaries	\$ 14,114,990	13.02%
Classified Hourly Salaries	724,746	0.67%
<b>Total Hourly Salaries</b>	<b>14,839,736</b>	<b>13.69%</b>
Other Supplies	675,820	0.62%
Fuel	75,075	0.07%
Professional Services	904,289	0.83%
Staff Development	22,495	0.02%
Dues & Memberships	169,304	0.16%
Rents, Building Repair, Maintenance	960,040	0.89%
Postage	219,517	0.20%
Other Services & Expenses	1,662,850	1.53%
Capital Outlay	173,325	0.16%
Interfund Transfers Out – Other	628,973	0.58%
<b>Total All Other Discretionary Costs</b>	<b>5,491,688</b>	<b>5.07%</b>
<b>Total Discretionary Costs</b>	<b>20,331,424</b>	<b>18.75%</b>

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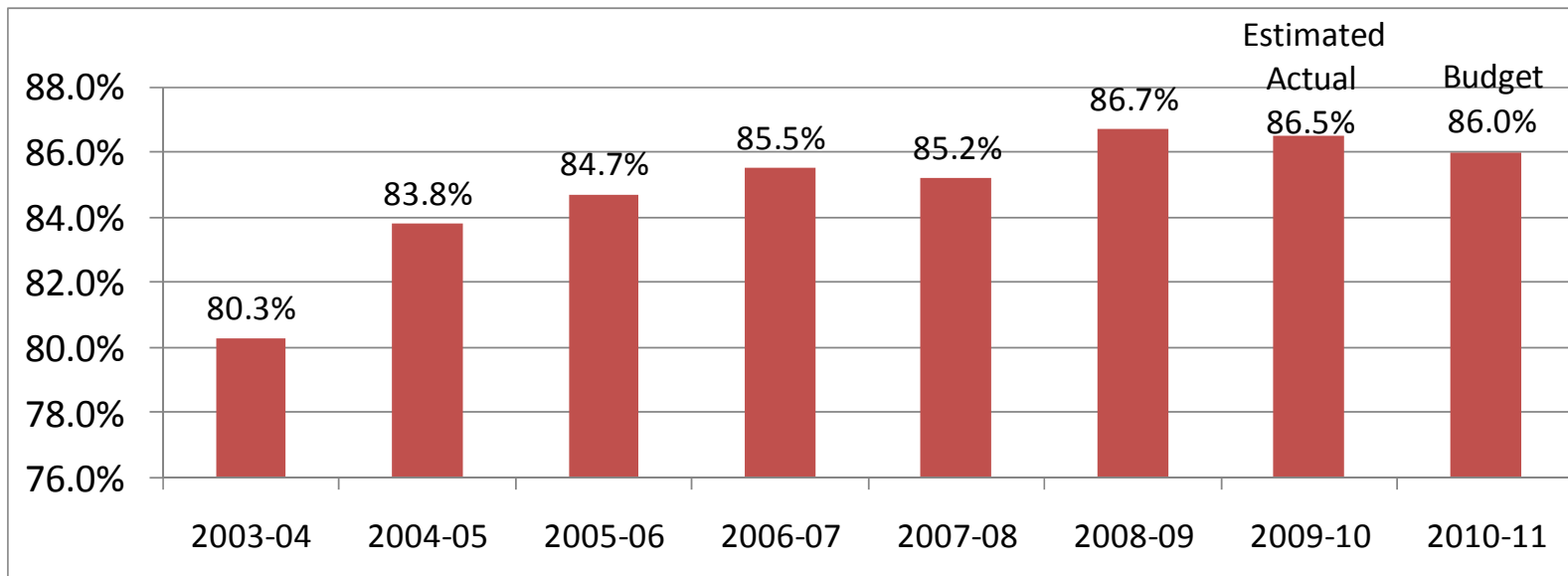
**Unrestricted General Fund Breakdown between Discretionary and Fixed Budgets (Summary)**

	Tentative Budget 2010-11	Percentage of Total Tentative Budget
<b>Fixed Costs:</b>		
Total Academic Salaries	\$ 30,794,723	28.41%
Total Classified Salaries	24,321,941	22.44%
Benefits	23,276,517	21.47%
Total Other Fixed Costs	9,682,845	8.93%
<b>Total Fixed Costs</b>	<b>88,076,026</b>	<b>81.25%</b>
<b>Discretionary Costs:</b>		
Total Discretionary Hourly Salaries	14,839,736	13.69%
Total Other Discretionary Costs	5,491,688	5.07%
<b>Total Discretionary Costs</b>	<b>20,331,424</b>	<b>18.75%</b>
<b>Total Expenditures</b>	<b>\$ 108,407,450</b>	<b>100.00%</b>

## Unrestricted General Fund 8-Year Trend Summary (in millions)

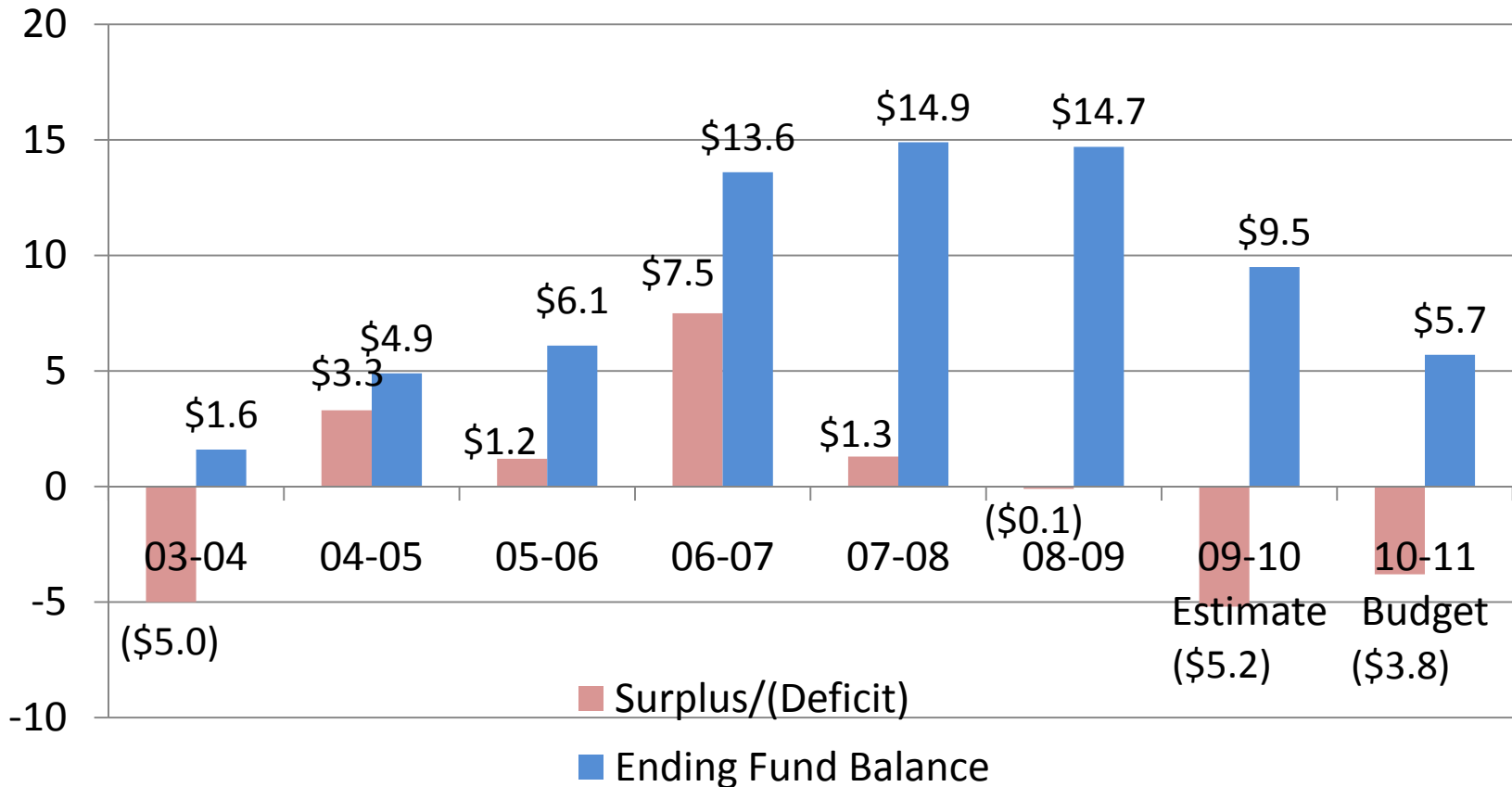
	03-04 Actual	04-05 Actual	05-06 Actual	06-07 Actual	07-08 Actual	08-09 Actual	09-10 Estimated Actual	10-11 Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	80.3%	83.8%	84.7%	85.5%	85.2%	86.7%	86.5%	86.0%
Surplus / (Deficit)	(\$5.0)	\$3.3	\$1.2	\$7.5	\$1.3	(\$0.1)	(\$5.2)	(\$3.8)
Ending Balance	\$1.6	\$4.9	\$6.1	\$13.6	\$14.9	\$14.7	\$9.5	\$5.7
Ending Balance as a % of Total Expenses & Other Outgo	1.7%	5.5%	6.4%	12.9%	13.3%	13.1%	8.5%	5.3%

## Unrestricted General Fund 8-Year Trend Salaries & Benefits as a % of Total Expenditures & Other Outgo

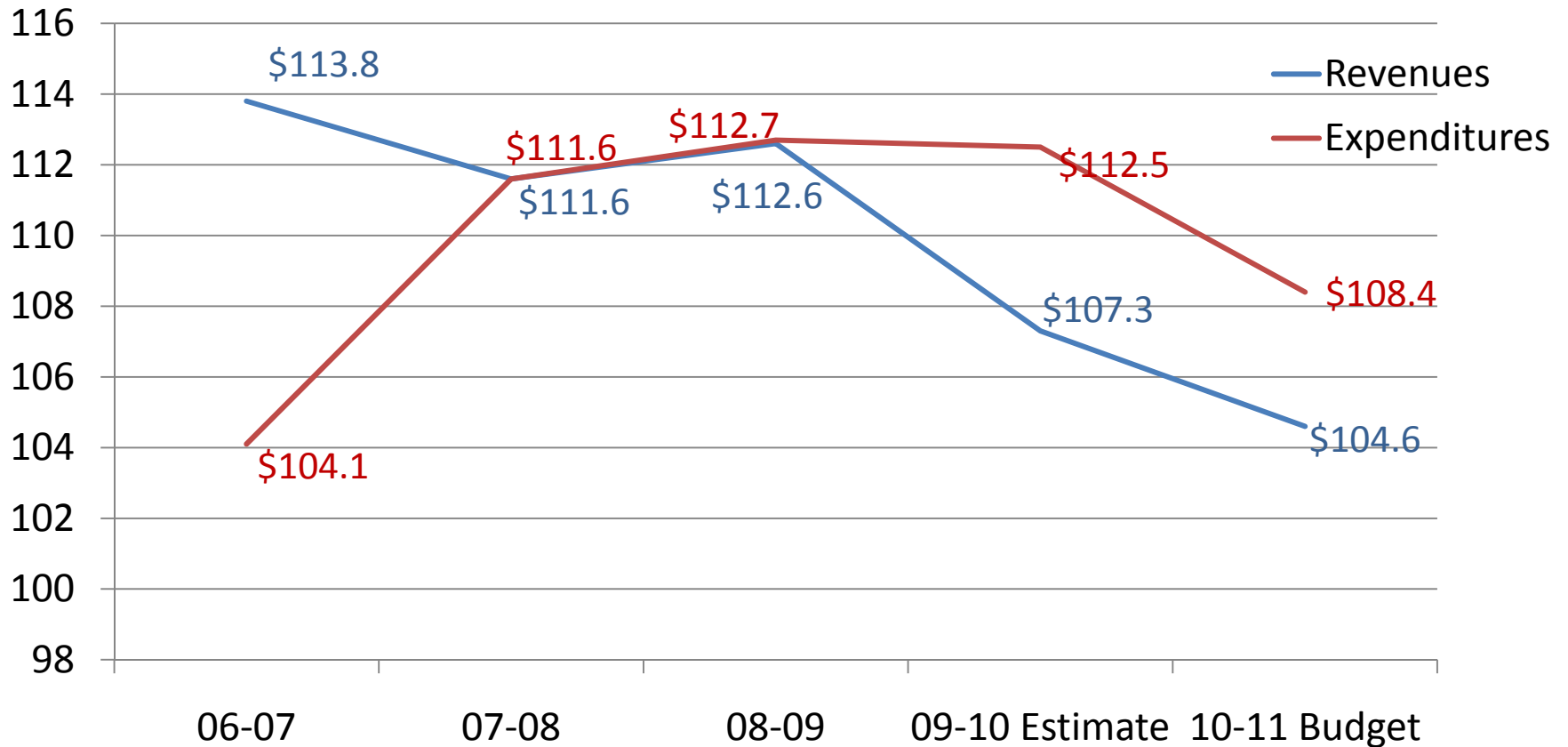




## Unrestricted General Fund 8-Year Trend Ending Fund Balance and Surplus/(Deficit)



## Unrestricted General Fund Revenue and Expenditures Trends



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# Future Budget Challenges

- State's structural budget deficit projected into 2012-13
- Furloughs in affect only through June 30, 2011
- Full-time faculty obligation – once the Board of Governors lifts the obligation suspension, LBCC will need funds to hire a significant number of full-time faculty
- Cash flow concerns – State continuing apportionment deferrals
- We continue to deficit spend – this is not sustainable
  - Benefit costs projected to increase substantially in future years
- Maintaining new facilities with limited additional staff
- Strategically applying course section and program reductions

# Questions?

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