

Tentative Budget 2013-14

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

June 25, 2013

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State Budget Overview (Governor's January Budget)

- \$196.9 Million (3.6%) apportionment- restoration (LBCC's share- \$3.4 million; 647 FTES)
- Zero COLA (0%)
- Student fees remain at \$46 per unit
- No restoration of 2009-10 categorical fund cuts
- Decreased deferrals by \$179.1 million to \$622.0 million - \$11.5 million deferrals for LBCC
- Redevelopment Agency Elimination
 - Hold harmless for related property tax shortages

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Board Goals

1. Support the Student Success agenda by:
 - Implementing the Educational Master Plan
 - Piloted multiple methods of placement of first-time students in English & math courses
 - Enrollment management strategies – foundational course pathways
 - Student-centered scheduling
 - Leveraging technology – to increase degrees & certificates
 - Equitable student access – supported especially at PCC
 - Implementing the Promise Pathways Program
 - Paramount & Bellflower USDs added to the program
 - Increased budget to add Math & English sections; added summer Math workshop
 - Expanding the Long Beach City College Promise
 - Five-year report outlines highlights
 - 504 scholarships awarded to freshmen from Long Beach high schools

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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
 - SBDC Satellite office opened in San Gabriel
 - Specialty Technology Center – LA Chamber of Commerce

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Board Goals

(Continued)

- Implementing the Goldman Sachs 10,000 small businesses initiative
 - Third year of program; will complete Cohort 8 August 2013
 - Classes begin for Cohorts 9 & 10 fall 2013
 - Organizing a local economic development summit
 - Planning an economic forum for fall 2013
3. Allocate resources in a manner that prioritizes these Board Goals

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BAC Planning Assumption Highlights

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- There will be budget redirections and potential reductions in response to both the State's budget impact and the priority as identified by the College Planning Committee (CPC)
 - Institutional Priority – improve rates of student success
- Deficit spending will be minimized
- Carryover will only exist for the Technology Master Plan.
- Zero (0%) COLA is budgeted
- 647 restoration FTES is budgeted. Target FTES is 20,400 (this will likely change)

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BAC Planning Assumption Highlights (Continued)

- A 1% 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
- Maintain a 5.5% unrestricted reserve for contingencies
- Load Banking Reserve
 - Budgeted \$2.3 million reserve
- Vacation Liability Reserve
 - Budgeted \$525K reserve

BAC Planning Assumption Highlights (Continued)

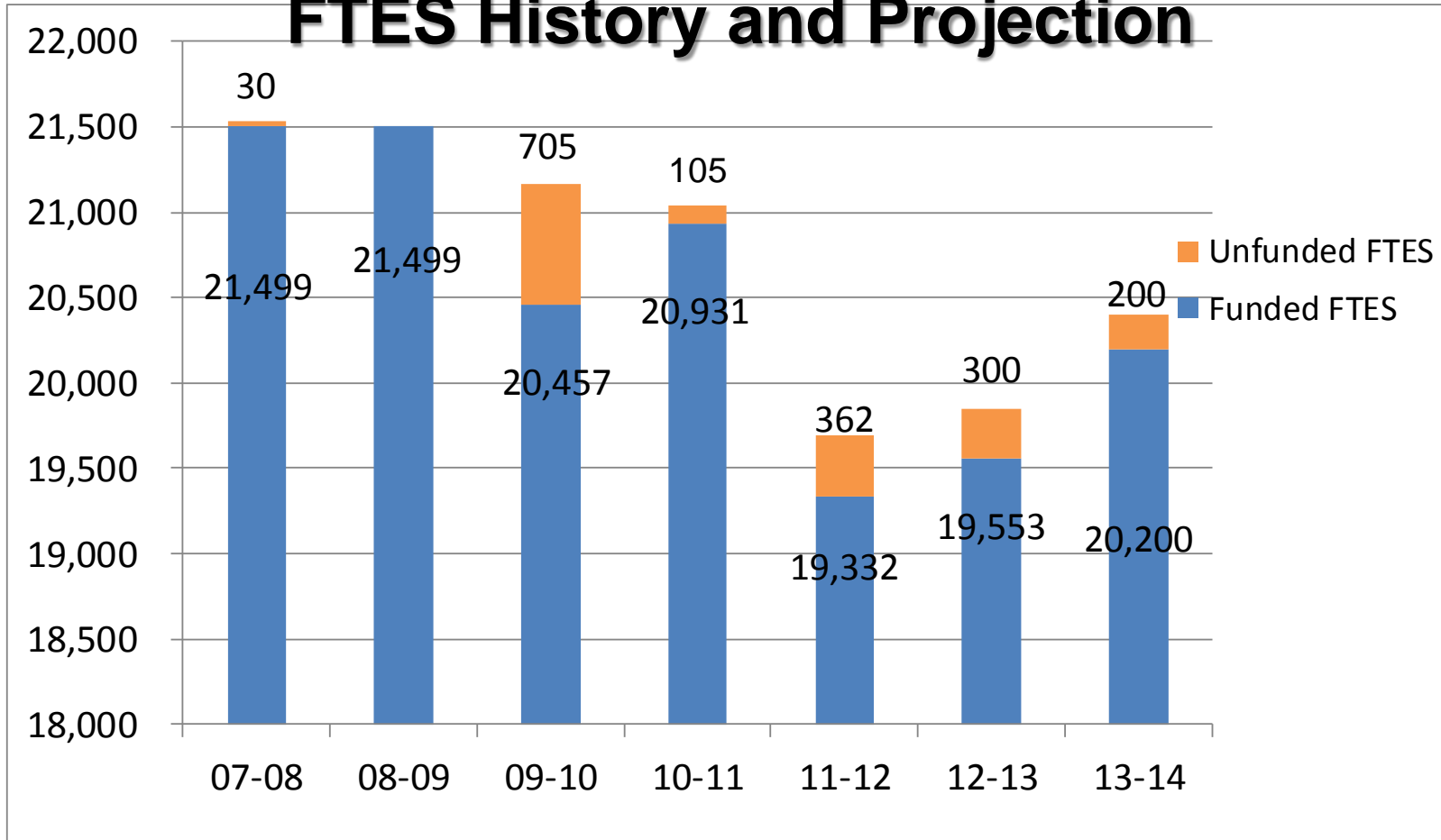
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- Benefit costs changes:
 - Health and welfare costs increased by 3.5%
 - SUI decreased 1.05%
- Part-time hourly budget will contain sufficient dollars to meet the FTES target in accordance with class schedules
- One-time Technology upgrade – \$1 million

FTES History and Projection



Total	Total	Total	Total	Total	Total P-2	Total Budget
21,529	21,499	21,162	21,036	19,694	19,853	20,400

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

	Adopted Budget 2012-13	Estimated Actual 2012-13	Tentative Budget 2013-14
Unrestricted General Fund	\$ 102.9	\$ 99.8	\$ 101.9
Restricted General Fund	19.0	19.2	18.5
Capital Projects Fund	1.6	1.2	0.9
Child & Adult Development Fund	1.4	1.4	1.6
Contract/Community Education Fund	1.0	0.6	0.9
General Obligation Bond Fund	456.5	195.4	223.6
Retiree Benefits Fund	2.4	2.5	2.7
Self-Insurance Fund	1.0	1.0	1.1
Student Financial Aid	75.9	64.3	64.2
Vet Stadium Operations	1.2	1.1	1.2
Total	\$ 662.9	\$ 386.5	\$ 416.6

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Expenditure Reductions - \$3.1 Million

- Program discontinuance \$2,244,000
 - Faculty \$1,701,000 (15.00 FTE)
 - Classified \$355,000 (5.19 FTE)
 - Other (non-salary) \$188,000
- Reorganization savings \$297,000
 - Hourly counselors \$263,000
 - Management \$1,143,000 (5.25 FTE)
 - Classified (\$1,122,000) (+19.71 FTE)
 - Other (non-salary) \$13,000
- Hourly faculty account \$559,000

Unrestricted General Fund Overall Summary

	Estimated Actual 2012-13	Tentative Budget 2013-14	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$97,875,612	\$105,042,914	\$ 7,167,302
Expenditures and Other Outgo	99,770,465	101,888,622	2,118,157
Surplus/(Deficit)	(1,894,853)	3,154,292	5,049,145
Fund Balance	\$ 12,946,063	\$ 16,100,355	\$ 3,154,292

Unrestricted General Fund Revenue Summary

	Estimated Actual 2012-13	Tentative Budget 2013-14	Change Increase/ (Decrease)
Federal	\$ 146,000	\$ 146,000	\$ 0
Apportionment	89,993,876	97,517,488	7,523,612
Other State	3,765,213	3,828,997	63,784
Local	3,426,611	3,218,528	(208,083)
Other Sources	543,912	331,901	(212,011)
Total	\$97,875,612	\$105,042,914	\$ 7,167,302

Major Revenue Changes in 2013-14

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- **Apportionment** - \$7.5 million increase is the net of:
 - \$1.0 million increase in base apportionment
 - \$5.0 million due to the reduction of the deficit factor from 6.3% to 1.0%
 - \$1.9 million in increased restoration
 - (\$0.4) million decrease due to prior year apportionment recalc revenue in 2012-13 (deficit factor changed from 2.3% to 1.9%)

Unrestricted General Fund Expenditure Summary

	Estimated Actual 2012-13	Tentative Budget 2013-14	Change Increase/ (Decrease)
Academic Salaries	\$ 43,018,539	\$ 41,373,180	\$ (1,645,359)
Classified Salaries	21,996,605	22,870,778	874,173
Benefits	22,784,203	22,668,226	(115,977)
Supplies	856,661	635,510	(221,151)
Services	8,521,583	10,541,939	2,020,356
Capital Outlay	1,217,874	2,248,989	1,031,115
Other Outgo	1,375,000	1,550,000	175,000
Total	\$ 99,770,465	\$ 101,888,622	\$ 2,118,157

Major Expenditure Changes in 2013-14

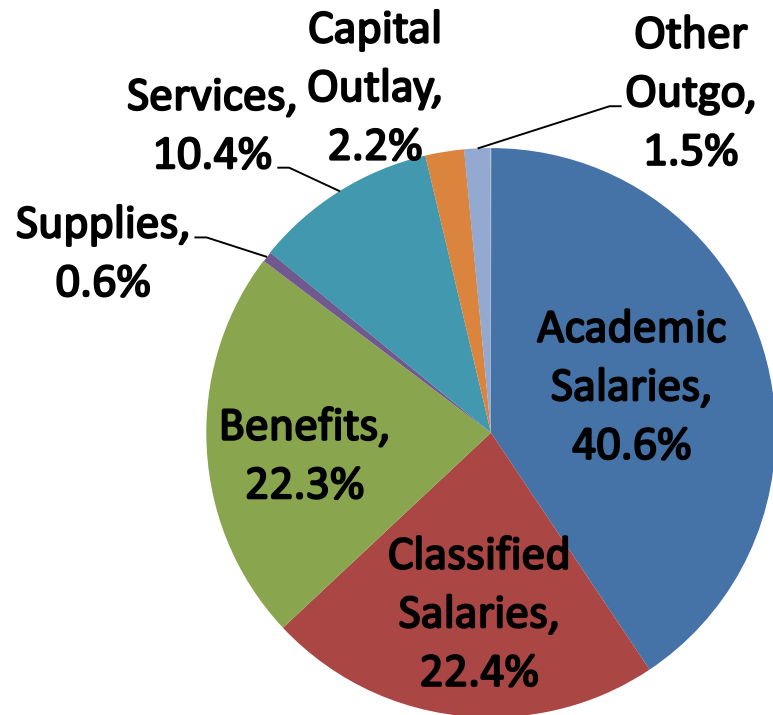
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- **Academic Salaries** – (\$1.6) million decrease is due to reductions in faculty due to program discontinuance, reorganization reductions and academic retirements.
- **Classified Salaries** – \$0.9 million increase is from the net increase of classified budgets resulting from the reorganization.
- **Contract Services and Operating Expenses** – \$2.0 million increase is primarily due to election costs, which only occur every other year. \$450,000 is estimated for regular Trustee elections and \$1,300,000 is estimated for a potential recall election.
- **Capital Outlay** – \$1.0 million increase is due to a one-time technology upgrade.

Unrestricted General Fund Budgeted Expenditures 2013-14



Salaries & Benefits 85.3%

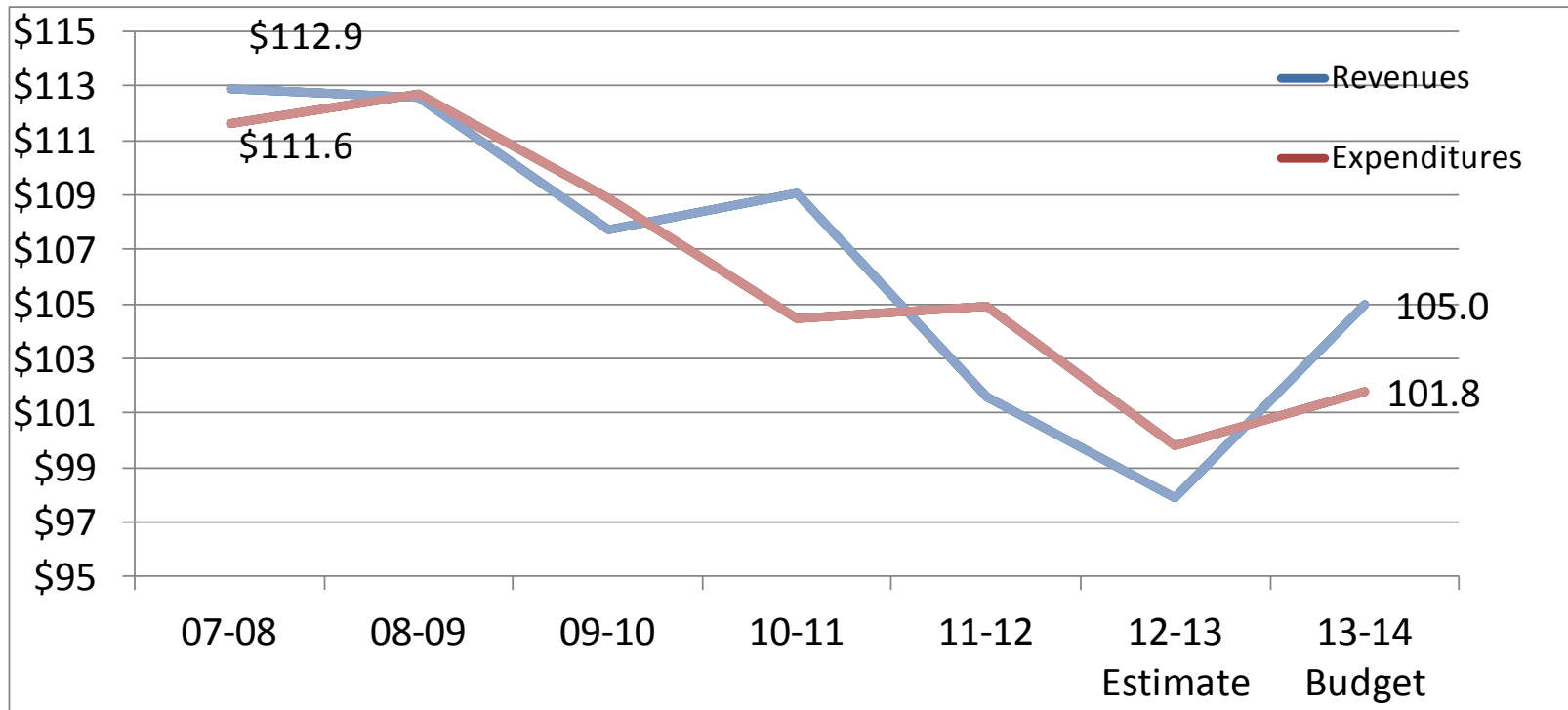
Unrestricted General Fund Reserves

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Unassigned Reserves	
Board Mandated Reserve – 5.5%	\$ 5,603,874
Economic Uncertainties	7,626,839
Assigned Reserves	
Technology Master Plan	84,986
Vacation and Load Banking Reserve	2,784,656
Total	\$ 16,100,355

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

	07-08 Actual	08-09 Actual	09-10 Actual	10-11 Actual	11-12 Actual	12-13 Estimated Actual	13-14 Tentative Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	85.2%	86.7%	87.7%	88.3%	89.0%	88.0%	85.3%
Surplus / (Deficit)	\$1.3	(\$0.1)	(\$1.2)	\$4.6	(\$3.3)	(\$1.9)	\$3.2
Ending Balance	\$14.9	\$14.7	\$13.5	\$18.1	\$14.8	\$12.9	\$16.1
Ending Balance as a % of Total Expenses & Other Outgo	13.3%	13.1%	12.4%	17.4%	14.2%	13.0%	15.8%

Unrestricted General Fund Revenue and Expenditures Trends



Unrestricted General Fund Two-Year Projection

	Tentative Budget 2013-14	Projected 2014-15
Beginning Fund Balance	<u>\$ 12,946,063</u>	<u>\$ 16,100,355</u>
Prior Year Surplus/(Deficit)	(1,894,853)	3,154,292
Apportionment Changes	7,523,612	-0-
Other Revenue Changes	(356,310)	-0-
New Faculty – Net (17 in 13-14; 30 in 14-15)	(864,500)	(2,502,000)
Other Salary & Benefit Changes	(22,663)	(1,772,839)
Other Expense Changes	<u>(1,230,994)</u>	<u>2,708,299</u>
Net Surplus/(Deficit)	<u>3,154,292</u>	<u>1,587,752</u>
Ending Fund Balance	<u>\$ 16,100,355</u>	<u>\$ 17,688,107</u>

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Future Budget Challenges

- **Full-Time Faculty Obligation Number (FON)**
 - State compliance guidelines require a certain number of full-time faculty
 - Calculation is based on prior full-time faculty levels and growth rates
 - FON requirement has been frozen since Fall 2008 due to the state budget crisis
 - If the Board of Governors lifts the freeze for Fall 2014, we estimate needing to hire 30 new full-time faculty

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Questions?