Tentative Budget 2018-19

Presented by:
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Co-Chair
Budget Advisory Committee

June 26, 2018

Overview

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

State Budget Overview
(continued)

New Funding Formula

- 60% Base Grant – FTES
- 20% Student Success Grant – degrees, certificates, and other success measures
- 20% Supplemental Grant – low-income students served
- Hold harmless provision – 2018-19 & 2019-20
- End of “summer shift” – beginning summer 2019
- End of stability funding because of the 3-year rolling average FTES in the new formula

State Budget Overview
(continued)

- $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
  - $30,000 for LBCC
- $143.5 million for Deferred Maintenance/Instructional Equipment
  - $2.5 million for LBCC (split 70%/30%)

State Budget Overview

(continued)

$46 million for the implementation of the

State Budget Overview

(continued)

21 (15 continuing and 6 new) Proposition 51 facilities bond projects approved. $46 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)

Board of Trustees Goals

Support the implementation of the 2016-2022 Strategic Plan

Improve Board governance

Support the implementation of an Enrollment Management Plan

Support strategies that improve the fiscal long-term health of the college and devise strategies to improve access and affordability for all college students

Strategic Plan Goals

Innovate to achieve equitable student success

Accelerate college readiness

Build community

Invest in people and support structures for transformation

(Included within Board Goals approved on August 22, 2017.)

Institutional Priorities
(continued)

Increasing student retention, completion, and transfer

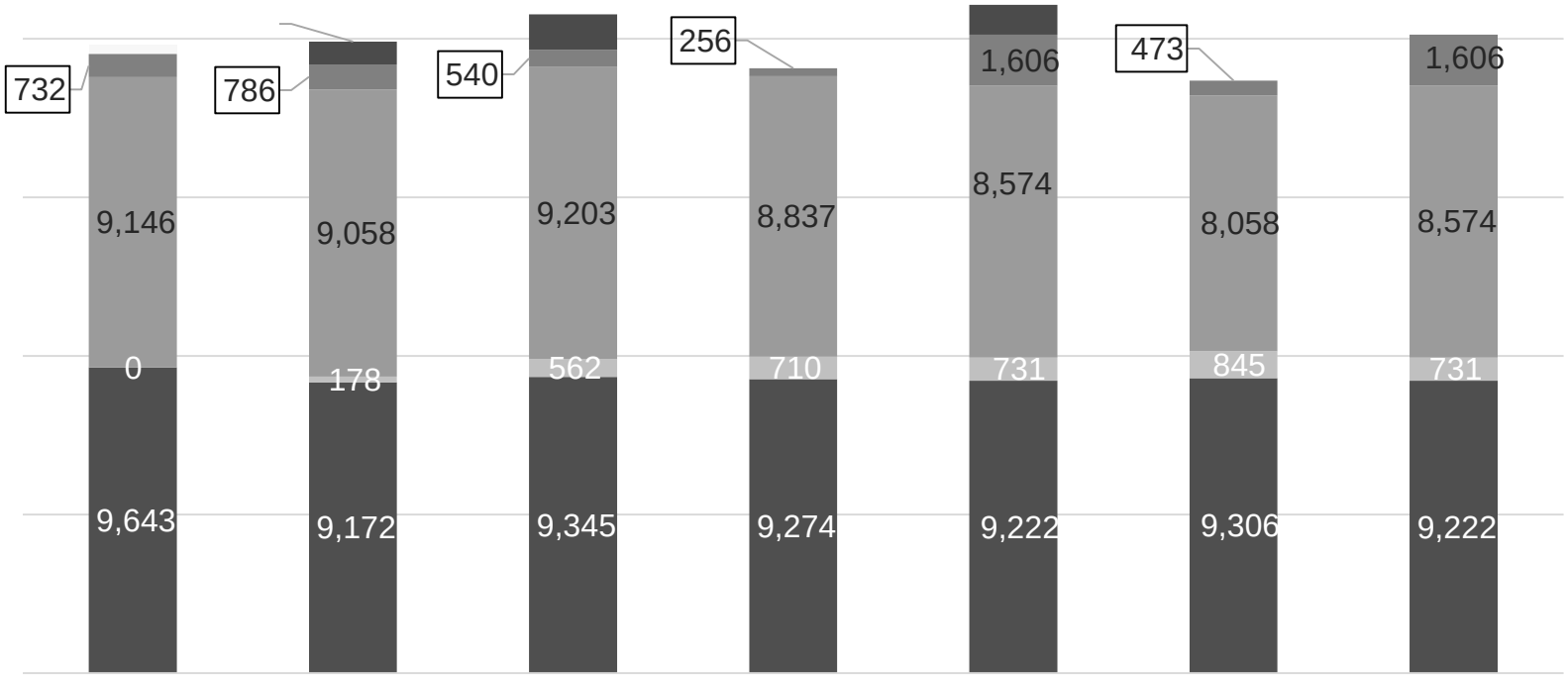
Implementing our Strategic Enrollment Management Plan priorities

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
Hiring7 FT Faculty	—				—	—		—
Winter Intersession	—		—	—		—	—	—
Instructional Equipment	—				—		—	—
Business Process Reviews	—		—	—	—		—	—
LEAD & Leadership Alliance Academy	—							

Resource Allocation towards Goals & Priorities (continued)

FTES By Term


732
786
540
256
473
9,146
9,058
9,203
8,837
8,574
8,058
8,574
1,606
1,606
0
178
562
710
731
845
731
9,643
9,172
9,345
9,274
9,222
9,306
9,222

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

	Adopted Budget 2017-18	Estimated Actual 2017-18	Tentative Budget 2018-19
Unrestricted General Fund	$ 138.9	$ 135.9	$ 140.5
Restricted General Fund	47.0	39.4	39.0
Associated Students Body Fund	1.1	1.0	1.2
Capital Projects Fund	13.2	6.6	36.9
Child & Adult Development Fund	1.9	2.0	2.0
Contract/Community Education Fund	1.2	0.2	1.4
General Obligation Bond Fund 2008 Measure E	0.4	0.1	0.4

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Unrestricted General Fund
Overall Summary

	Estimated Actual 2017-18	Tentative Budget 2018-19	Change Increase/ (Decrease)
Revenues and Other Financing Sources	$131,115,373	$133,828,441	

Unrestricted General Fund

Major Revenue Changes in 2018-19

Apportionment – $3.5 million increase is the net of:

- $3.2 million one-time 2.71% resource allocation
- $0.6 million increase due to no projected faculty obligation penalty in 2018-19
- ($0.3) million decrease due to prior year apportionment recalculation revenue

Other State Revenue – ($0.8) million decrease due to:

- ($0.6) million decrease in one-time Mandated Cost Revenue
- ($0.4) million decrease in State Lottery revenue
- $0.2 million net increase other state revenues

Unrestricted General Fund Expenditure Summary

	Estimated Actual 2017-18	Tentative Budget 2018-19	Change Increase/ (Decrease)
Academic Salaries	$ 54,481,141	$ 56,223,736	$ 1,742,595
Classified Salaries	27,696,390	28,643,463	947,073
Benefits	39,369,107	40,998,440	1,629,333
Supplies	991,457	878,691	(112,766)
Services	9,160,096	9,925,945	765,849
Capital Outlay	1,430,329	1,617,285	186,956
One-Time	1,304,371	855,850	(448,521)
Other Outgo	1,446,000	1,381,600	(64,400)
Total	$135,878,891	$140,525,010	$ 4,646,119

Major Expenditure Changes in 2018-19

Academic Salaries – the $1.7 million increase is due mainly to hiring 7 new full-time faculty and negotiated salary increases.

Classified Salaries – $0.9 million increase is due to negotiated salary increases, step and column increases, and the assumption that vacancies will be filled.

Total Benefits – $1.6 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, and the 2.2% increase to health and welfare benefits.

Major Expenditure Changes in 2018-19 (continued)

Contract Services and Operating Expenses – $0.8 million increase is mainly due to the increase in professional services and other

Unrestricted General Fund
7-Year Trend Summary

Salaries & Benefits as a % of Total Expenses & Other Outgo

*Percentage of Total Expenses and Other Outgo excluding one-

Unrestricted General Fund

Multi -

Future Budget Challenges

Enrollment：

- Goal is to reach 20,133 FTES.
- However, enrollment trends show a 2,000 FTES decrease.
- 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.

STRS & PERS Future Employer Rates

Fiscal Year	STRS		PERS		Total
2016-17	12.58%		13.89%		
2017-18	14.43%	$ 1,012,000	15.53%	$ 568,000	$ 1,580,000
2018-19	16.28%	1,108,000	18.06%	973,000	2,081,000
2019-20	18.13%	1,137,000	20.80%	1,088,000	2,225,000
2020-21	19.10%	542,000	23.50%	964,000	1,506,000
2021-22	20.10%	559,000	24.60%	393,000	952,000
2022-23	20.25%	84,000	25.30%	250,000	334,000
2023-24	20.25%	0	25.80%	179,000	179,000
2024-25	20.25%	0	26.00%	71,000	71,000
Total		$ 4,442,000		$ 4,486,000	$ 8,928,000

Rates are as of May 2017 & are subject to change. Employer contribution increase estimates are based on total covered salary estimates from the 2017-18 Adopted Budget.

Future Budget Challenges

(continued)

Deficit Spending:

- The 2018-19 Tentative Budget includes $6.7 million in deficit spending.
- $0.9 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 the processes that work to help us improve results for our students including degree and certificate attainment and transfers, and eliminate the processes that don’t work.

Questions?