

Budget Today and Implications for Tomorrow 2011 -12

**Presented by:
Ann-Marie Gabel
Vice President, Administrative Services
February 16, 2011**

Budget Today
and
Implications for
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Overview

- Unrestricted General Fund Trends
- FTES History and Projection
- Governor's Budget
- Adopted Budget 2010-11
- Forecast Based on January Governor's Budget
- Steps Taken Already
- Next Steps

What is the General Fund?

- The General Fund is comprised of two separate and distinct funds:
 - **Unrestricted General Fund** – this is the fund used for normal operations of the district.
 - **Restricted General Fund** – this is the fund used for grants, categorical programs, and sources restricted by law.

What is the General Fund? (continued)

- General Fund revenues include:
 - **Unrestricted General Fund**
 - FTES Revenue (93%)
 - Lottery Revenue (2%)
 - Non-Resident Tuition Fees (2%)
 - Interest and Other Fees
 - **Restricted General Fund**
 - EOPS, DSPS, Matriculation, Title V, Parking Permits, Health Service Fees, etc.
 - Revenues received must be spent on the specific purpose identified.

Unrestricted General Fund Trends Comparison of Budget vs. Actual

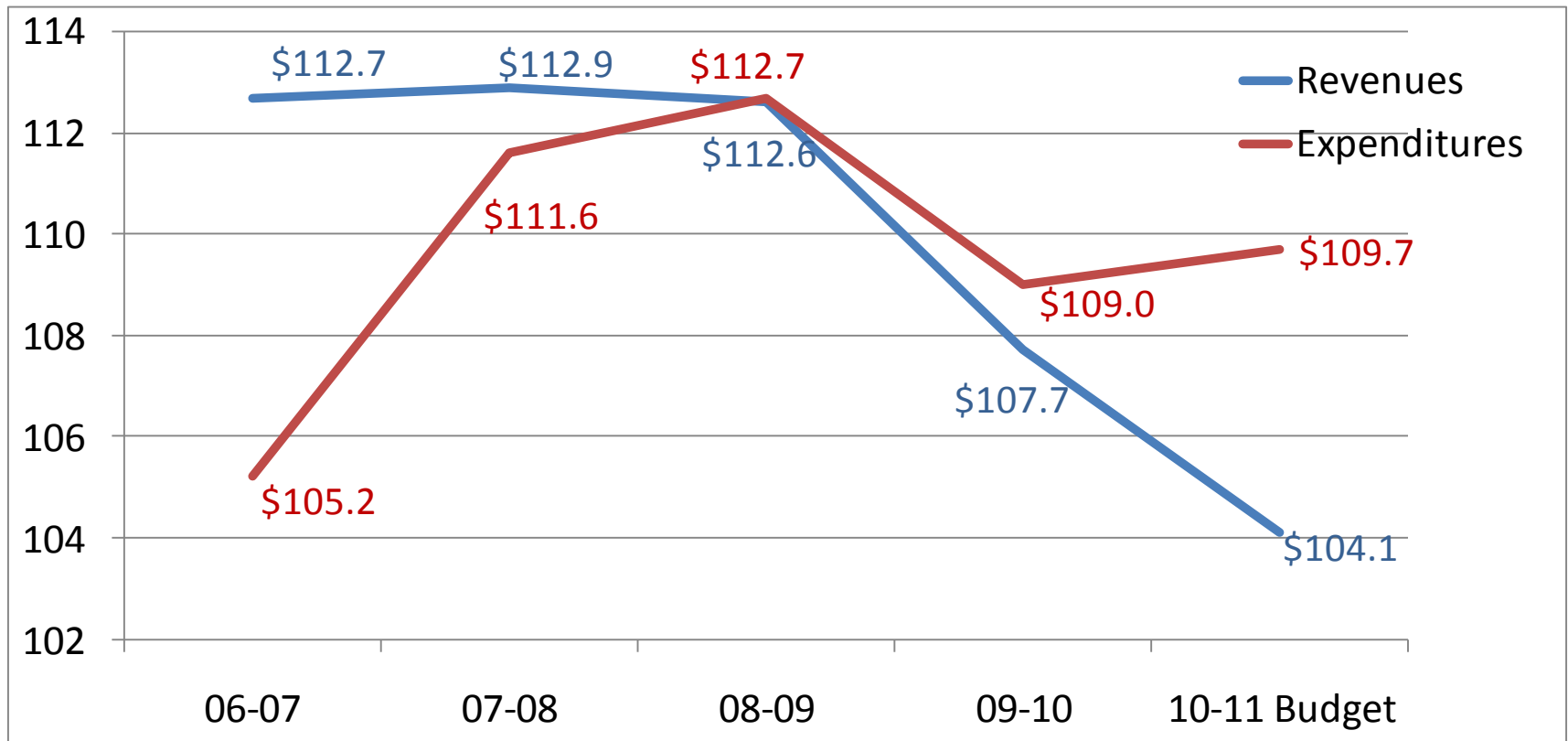
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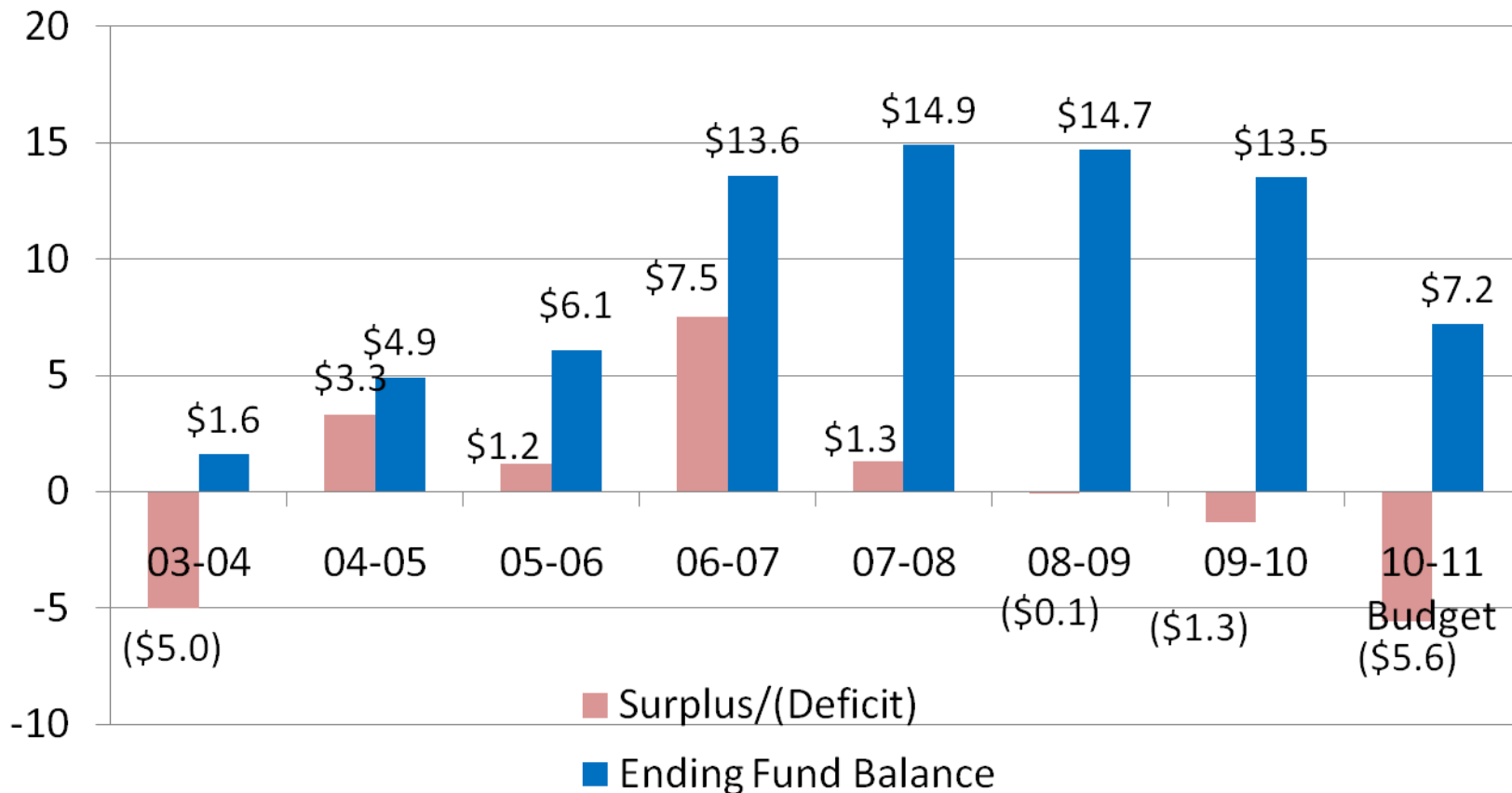
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	Adopted Budget	Unaudited Actual	% Variance Favorable/ (Unfavorable)
2007-08			
Revenues	112,616,666	112,850,981	0.21%
Expenditures	112,594,855	111,580,188	0.91%
2008-09			
Revenues	112,135,452	112,581,894	0.40%
Expenditures	117,502,242	112,715,507	4.07%
2009-10			
Revenues	105,757,557	107,726,674	1.86%
Expenditures	113,265,418	108,973,438	3.79%

Unrestricted General Fund Revenue and Expenditures Trends



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



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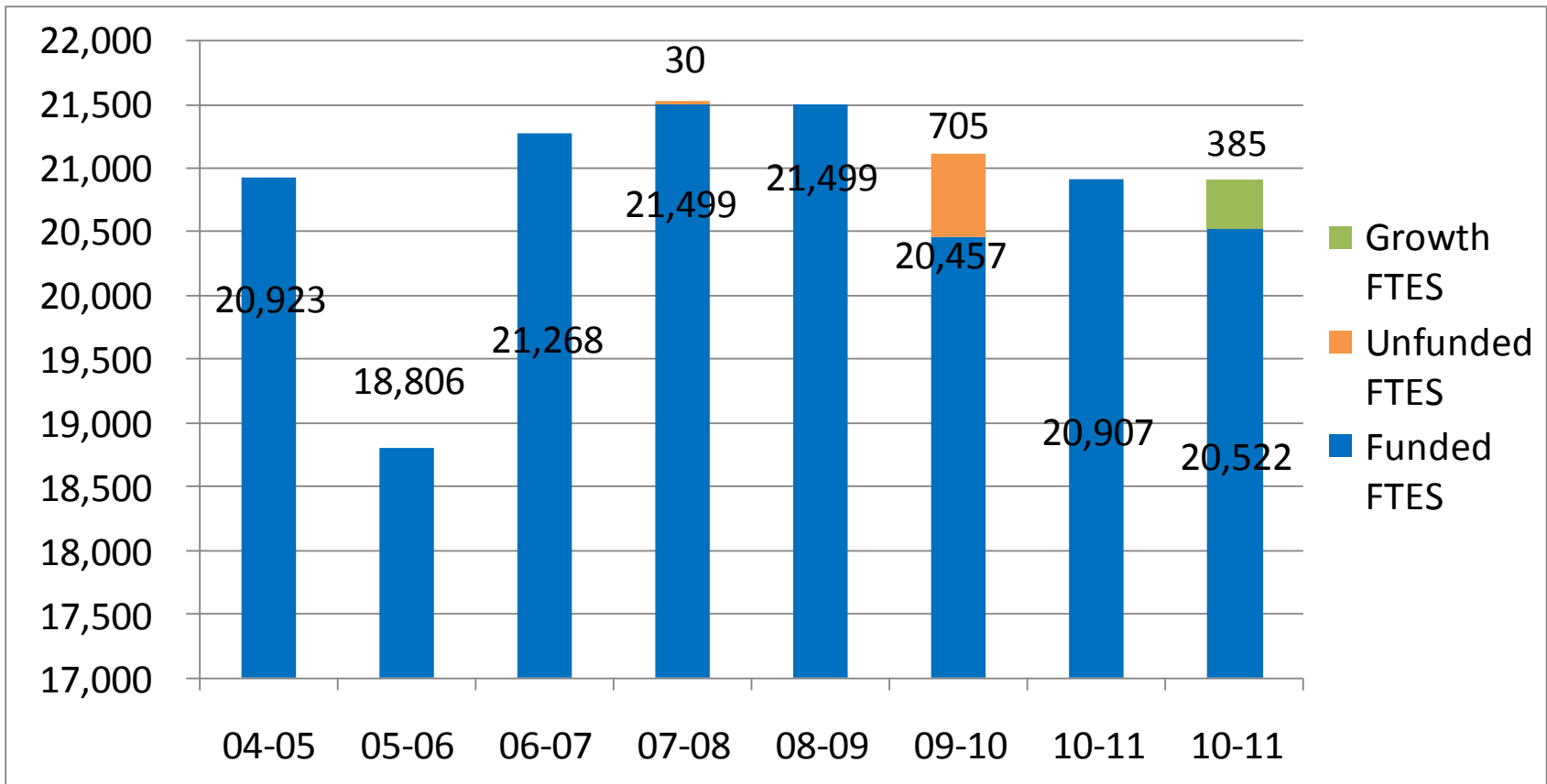
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FTES History and Projection

- What is a FTES?
 - FTES is a **F**ull-**T**ime **E**quivalent **S**tudent
 - We get paid on 3 different levels for FTES
 - Credit - \$4,564.83 per FTES
 - Enhanced Non-Credit - \$3,232.07 per FTES
 - Non-Credit - \$2,744.96 per FTES
- Why are they important?
 - Generates approximately 93% of our revenue

FTES History and Projection



Total
21,529

Total
21,162

New
Target

P-1 Total
+ Growth

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Governor's Budget

- Attempts to close a \$25.4 billion deficit
- Assumes 5 year tax extensions will be passed by the voters
- Best Case for Community Colleges:
 - \$400 million reduction – LBCC ≈ \$7 million
 - \$110 million growth – LBCC ≈ \$1.7 million
 - \$10 per unit increase in enrollment fees
 - No COLA

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Governor's Budget (continued)

- Best Case for Community Colleges (continued):
 - No further change to categorical funding
 - \$129 million additional cash deferral – LBCC ≈ \$3.2 million
 - Total deferrals = \$961 million – LBCC ≈ \$24 million
 - No mid-year cuts – LBCC will receive \$2.2 million in growth funding if we generate the FTES

Adopted Budget Overall Summary

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	Unaudited Actual 2009-10	Adopted Budget 2010-11	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$ 107,726,674	\$ 104,137,706	\$ (3,588,968)
Expenditures and Other Outgo	108,973,438	109,787,155	813,717
Surplus/(Deficit)	(1,246,764)	(5,649,449)	(4,402,685)
Fund Balance	\$ 13,502,115	\$ 7,852,666	\$ (5,649,449)

Forecast based on January Governor's Budget

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	Best Case (\$400 mil. Cut)	Worst Case (\$900 mil. Cut)
AB Fund Balance – 6/30/11	\$ 7,852,666	\$ 7,852,666
Changes to AB:		
Growth Funding	2,287,562	2,287,562
COLA at 0% (not negative 0.38%)	377,844	377,844
Deficit at 1% (reduced from 2%)	990,549	990,549
Mandated Cost Reimbursements	481,938	481,938
Part-Time Faculty Compensation	182,000	182,000
ARRA decreased and restricted	(73,970)	(73,970)
TRAN Cost decrease	141,000	141,000
Estimated Expenditure Savings (net)	362,410	362,410
Projected Fund Balance – 6/30/11	\$ 12,601,999	\$ 12,601,999

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Forecast based on January Governor's Budget (continued)

	Best Case (\$400 mil. Cut)	Worst Case (\$900 mil. Cut)
Governor's Budget Changes:		
Growth Funding – 1.9%	\$ 1,763,003	\$ 1,763,003
Apportionment Cuts	<u>(6,959,600)</u>	<u>(15,659,100)</u>
Net Projected Cuts to Revenue	\$ (5,196,597)	\$ (13,896,097)

Forecast based on January Governor's Budget (continued)

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	Best Case (\$400 mil. Cut)	Worst Case (\$900 mil. Cut)
Changes to Expenditures:		
Benefit Plan Modifications – CCA	\$ 500,000	\$ 500,000
Benefit Contributions – CCA	89,000	89,000
Hiring 15 Full-Time Faculty	(1,365,000)	(1,365,000)
Part-Time Savings from new hires	450,000	450,000
Management Furloughs expire -6.15%	(620,000)	(620,000)
Classified Furloughs expire – 5.77%	(1,175,000)	(1,175,000)
Faculty Furloughs expire – 2.31%	(661,000)	(661,000)
Classified Step Freeze expires	(125,000)	(125,000)
Election Expense	(450,000)	(450,000)
PERS Increase – to 11.2%	(120,000)	(120,000)
Net Changes to Expenditures	\$ (3,477,000)	\$ (3,477,000)

Forecast based on January Governor's Budget (continued)

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Summary	Best Case (\$400 mil. Cut)	Worst Case (\$900 mil. Cut)
Projected Fund Balance – 6/30/11	\$ 12,601,999	\$ 12,601,999
2011-12 Deficit (same as 10-11 AB)	(5,649,449)	(5,649,449)
Net Projected Cuts to Revenue	(5,196,597)	(13,896,097)
Net Changes to Expenditures	(3,477,000)	(3,477,000)
Projected 2011-12 Operating Deficit	(14,323,046)	(23,022,546)
Projected Fund Balance – 6/30/12	\$ (1,721,047)	\$ (10,420,547)
5% Board Required Reserve	5,657,208	5,657,208
Short of Board Required Reserve	\$ (7,378,255)	\$ (16,077,755)

Note: The 2011-12 Deficit is assuming that every department will spend every dollar allocated to them. In essence, there will be no budget savings from any line item within the budget. We know this will not happen but it's too early to estimate any savings.

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Steps Taken – Management Team

- Management Team agreed to the same Health and Welfare Benefit changes as the faculty - \$199,000 estimated savings
- Management Team continuing 8 day furloughs - \$339,000 estimated savings
- Management Team reduction in force – estimated at 8 FTE or \$800,000

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Next Steps

- Find ways to reduce our expenditures by \$7 million
 - Already identified \$1.3 million from Management Team
- Prepare contingency plans for expenditure reductions totaling \$16 million

Questions?

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