



OFFICE OF BUSINESS SERVICES
MEMORANDUM

To: All Managers
From: Mr. Felipe R Lopez, Chief Business Officer
CC: Dr. Keith Curry, Chief Executive Officer
Date: April 21, 2015
Subject: 2015-2016 Budget Development Overview

In January, the Governor released his fiscal year 2015-2016 proposed budget. This proposed budget marks the beginning of the budget development cycle. It also provides guidance for the state's funding priorities for the next year. Provisions relevant to the Compton CCD include:

Unrestricted General Fund

- Augmentation of approximately \$630,000 for increased operating expenses, including annual pension benefit expense increases (PERS/STRS), retirement benefits, professional development, facilities, and other general operating expenses.
- Cost-of-Living Adjustment (COLA) augmentation of 1.58% or approximately \$446,000. However, the statutory COLA for 2015-2016 is likely to be lower than the 1.58% contained in the Governor's January budget proposal, according to preliminary data from the U.S. Department of Commerce.

Restricted General Fund

- Student Success and Equity Funding augmentation of approximately \$1.0 million
- One-time funding for deferred maintenance, instructional equipment, mandated claims, and other one-time costs of approximately \$1.8 million.

Although the above is positive news, we must note that increases in the STRS/PERS employer contribution rates will impact our general fund budget. We will experience these expenditure increases at the same time that Proposition 30 revenues phase out. The sales tax provision expires on December 31, 2016, and the income tax provision expires two years later. Additionally, we have significant OPEB liabilities we must address in order to maintain fiscal stability and protect the district during leaner budget times.

Attachment "A" outlines the fiscal year 2015-2016 overarching priorities reviewed and approved by the Planning and Budget Committee. These priorities define the basis of our budget assumptions and the direction and support Compton CCD intends to provide in the 2015-2016 budget year.

When developing your 2015-16 department budget, resources are allocated/roll forward from your established prior-year budget. Department 2015-2016 budgets must be: in line with the Overarching Priorities set by the District/Center; linked clearly to your program plans; and prioritized both short-term and long-range for funding improvements.

Attachment “B” outlines the fiscal year 2015-2016 preliminary budget assumptions. These assumptions reflect the provisions included in the Governor’s budget proposal.

Please review Attachment “C” Financial and Budget Policies and Attachment “D” Compton Community College District/Center Planning Process Flowchart that will guide the development of the District/Center Tentative Budget.

Please note your budget includes non-discretionary and discretionary accounts. Non-discretionary accounts are those that provide for the salary and benefits of permanent, adjunct, and part-time employees. Discretionary accounts are those that do not impact full-time or part-time positions and benefits, and may be reallocated at the discretion of the Dean, Chief Business Officer, or Chief Executive Officer. Within your own budget, you are encouraged to reallocate discretionary account funds from their current account to those accounts identified as highest priority, and linked to your department/division program plans.

All budget development data must be entered into your budget worksheet and submitted to the Business Office by end of business **Wednesday, May 6, 2015**, in accordance with the budget development calendar

By **Tuesday, May 19, 2015** each Division (Student Services, Academic Affairs, Administrative Services, and Human Resources) will be responsible for providing a prioritized list of Budget Augmentation/ Enhancements for 2015-2016. An augmentation is a one-time addition to the current year budget. An enhancement is an increase to the base budget. Budget Augmentation/ Enhancement requests are based on a needs assessment and/or program review.

Budget Augmentation/Enhancements will be prioritized for funding using one or more of the following:

1. Maintain current level of revenue produced for the District, e.g., achieve FTES target.
2. Direct impact on institutional effectiveness outcomes.
3. Maintain the integrity of a program.
4. Fulfill legal mandate requirements.
5. Recognize District employees as valued professionals.

Business Office staff is available to meet with any department, program or group to discuss the budget development process and answer any questions. Your assistance is greatly appreciated as we plan for the 2015-2016 budget year.

Enclosures:

Attachment A - 2015-16 Overarching Priorities

Attachment B - 2015-16 Preliminary Budget Assumptions

Attachment C - Financial and Budget Policies

Attachment D – Compton CCD/Center Planning Process Flowchart



El Camino College
Compton Center

2015-2016 OVERARCHING PRIORITIES

1. Increase Student Enrollment by 5% (Strategic Initiative – A, B, D, E, F).
2. Support El Camino College Compton Center Accreditation (Strategic Initiative – A, B, C, D, E, F).
3. Ensure the Student Success activities are coordinated and support the El Camino College Compton Center Institutional Effectiveness Outcomes (Strategic Initiative – A, B, C, D, and E).
4. Develop and enhance partnerships with schools, colleges, universities, businesses, and community-based organizations to respond to the educational, workforce training, and economic development (Strategic Initiative – D).
5. Continue to implement the Planning and Budget Process. (Strategic Initiative – B, C, E).
6. Improve facilities to support student learning and success. (Strategic Initiative – A, B, E, F).
7. Enhance communication with students, employees, and the community. (Strategic Initiative – B, C, D).
8. Support Professional Development opportunities for employees. (Strategic Initiative – C).



Compton Community College District Budget Assumptions

Tentative Budget – FY2016

The following Budget Assumptions were recommended by the Chief Executive Officer.

I. Organization

The Preliminary Budget reflects information available at this time from the California Community Colleges Chancellor's Office and Governor's January Budget. It is anticipated that additional adjustments may be required as more information becomes available.

II. Unrestricted General Fund Budget Guidelines

The Preliminary Budget is based on the Governor's January 2015 Budget. The Governor's budget is based on a conservative forecast intended to protect the state from boom and bust budgeting cycles. No threat of trigger cuts are forecasted in the Governor's budget and includes Access funds totaling \$106.9 million, \$200 million for student success and \$92.4 million in COLA (1.58%), which is the third consecutive year to receive COLA since 2007-2008 budget. In addition the budget includes one-time resources which include \$94.5 million to retire deferrals and \$353.3 million for deferred maintenance, instructional equipment, mandated claims, and other one-time costs.

- A. Projected beginning balance: **\$5,689,731**
- B. Estimated local, state and other revenue: **\$34,160,237**
- C. Reserve for contingency and ending fund balance: **\$5,567,805** of budgeted expenditures.
- D. Budget the General State Apportionment in alignment with the El Camino College Compton Center generating 6,060 FTES.
- E. Offering 1,500 sections in the 2015-2016.
- F. Cost of Living Adjustment (COLA) funding of 1.58% or **\$73.88** credit FTES equates to approximately **\$446,000** based on 6,060 FTES.
- G. Budget for the GASB "pay as you go" costs for Retiree Benefits: **\$349,812**.
- H. Budget for the PARS Retirement Payment: **\$109,842**. The total remaining district liability for participating in PARS is: **\$109,842**.
- I. Project Public Employee Retirement System (PERS) contributions increased to 12.60% and State Teachers Employee Retirement System (STRS) increased to 10.73%.
- J. Budget for projected utilities increase of 2.0% or a total cost of \$1,201,050.
- K. Budget all step and column increases of approximately \$200,000.
- L. Budget includes no new employee positions.
- M. Budget for the Vice President of El Camino College Compton Center (\$160,000, including benefits) and the Information Technology Supervisor (\$143,000 including benefits) positions.
- N. Budget for line of credit debt expense (\$1,292,420).
- O. Budget for the Police Services Contract with El Camino College (\$1,400,000).
- P. Budget for Other Postemployment Benefit (OPEB) contribution of \$250,000.



**Compton Community College District
Budget Assumptions**

Tentative Budget – FY2016

- Q. Budget for the following one-time Augmentations/Enhancements (\$350,000):
 - a. Enrollment Management Plan (\$100,000)
 - b. One-Time Planning Allocations (\$50,000)
 - c. Site-Improvements – Cosmetology Program (\$200,000)
- R. Unrestricted Budget includes the following interfund transfers:
 - a. Transfer \$396,000 to the Property & Liability Fund.

DRAFT

Financial and Budget Policies**Delegation of Authority, Fiscal (Board Policy 6100)**

The Board of Trustees delegates to the Chief Executive Officer the authority to supervise the general business and fiscal affairs of the District to assure the proper administration of property and contracts, the budget, audit and accounting of funds, the acquisition of supplies, equipment and property, and the protection of assets and persons.

The Chief Executive Officer shall establish administrative regulations to assure that the District's business and fiscal transactions are in accordance with Board of Trustees Policies, Federal Law and Regulations, State Law and Regulations, the California Community Colleges Budget and Accounting Manual, and generally accepted accounting principles promulgated by the Governmental Accounting Standards Board.

As needed, the Chief Executive Officer shall recommend changes to Board of Trustee policies for Board approval.

The Chief Executive Officer shall further delegate to appropriate district officials' authorization to promulgate the administrative procedures necessary to implement Board of Trustee's Policies and the Chief Executive Officer's Administrative Regulations.

Budget Preparation (Board Policy 6200)

Each year, the Chief Executive Officer shall present to the Board a budget, prepared in accordance with Title 5 and the California Community Colleges Budget and Accounting Manual. The schedule for presentation and review of budget proposals shall comply with state law and regulations, and provide adequate time for Board study.

Budget development shall include the following:

- The annual budget shall support the District's master and educational plans.
- The CEO shall solicit recommendations from the Cabinet and the Budget and Planning Committee.
- Assumptions upon which the budget is based are presented to the Board for review.
- Board of Trustees budget study sessions are scheduled.
- A public hearing is scheduled, in which interested persons may appear and address the Board regarding the proposed budget or any item in the proposed budget.
- Unrestricted general reserves shall be no less than the prudent reserve defined by the California Community Colleges Chancellor's Office as a general fund balance of not less than five (5%) percent.
- Budget projections shall address long term goals and commitments.



The Chief Executive Officer shall establish the budget calendar and regulations necessary to carry out this policy.

Budget Management (Board Policy 6250)

The budget shall be managed in accordance with the California Code of Regulations Title 5 and the California Community Colleges Budget and Accounting Manual. Unrestricted revenues accruing to the District in excess of amounts in adopted Final Budget shall be added to the District's reserve for contingencies. The revenue is available for appropriation only upon a resolution of the Board that sets forth the need for immediate appropriation according to major budget object classifications in accordance with applicable law. Restricted Funds accruing to the District in excess of amounts in the adopted Final budget shall be appropriated by major object budget classifications only upon the approval of the Board of Trustees.

Board approval is required for changes between major object budget classifications or for interfund transfers. Transfers from the reserve for contingencies to any expenditure classification must be approved by a two-thirds vote of the members of the Board. Federal and State grants for restricted purposes shall have all administrative and/or indirect charges assessed to the maximum amount permitted by federal or state regulations.

The Chief Executive Officer shall establish the administrative regulations necessary to carry out this policy.

Fiscal Management (Board Policy 6300)

The Chief Executive Officer shall establish administrative regulations to assure that the District's fiscal management is in accordance with the principles contained in Title 5, section 58311, including:

- Adequate internal controls exist.
- Fiscal objectives, procedures, and constraints are communicated to the Board and employees.
- Adjustments to the budget are made in a timely manner, when necessary.
- The management information system provides timely, accurate, and reliable fiscal information.
- Responsibility and accountability for fiscal management are clearly delineated.

The books and records of the District shall be maintained pursuant to the California Community Colleges Budget and Accounting Manual.

As required by law, the Board shall be presented with a quarterly report showing the financial and budgetary conditions of the District.



As required by the Budget and Accounting Manual, expenditures shall be recognized in the accounting period in which the liability is incurred, and shall be limited to the amount budgeted for each major classification of accounts and to the total amount of the budget for each fund.

Investments (Board Policy 6320)

The Chief Executive Officer is responsible for ensuring that the funds of the District are invested that are not required for the immediate needs of the District. Investments shall be in accordance with law.

Investments shall be made based on the following criteria:

- The preservation of principal shall be of primary importance.
- The investment program must remain sufficiently flexible to permit the District to meet all operating requirements.
- Transactions should be avoided that might impair public confidence.

The Chief Executive Officer shall establish the regulations necessary to carry out this policy.

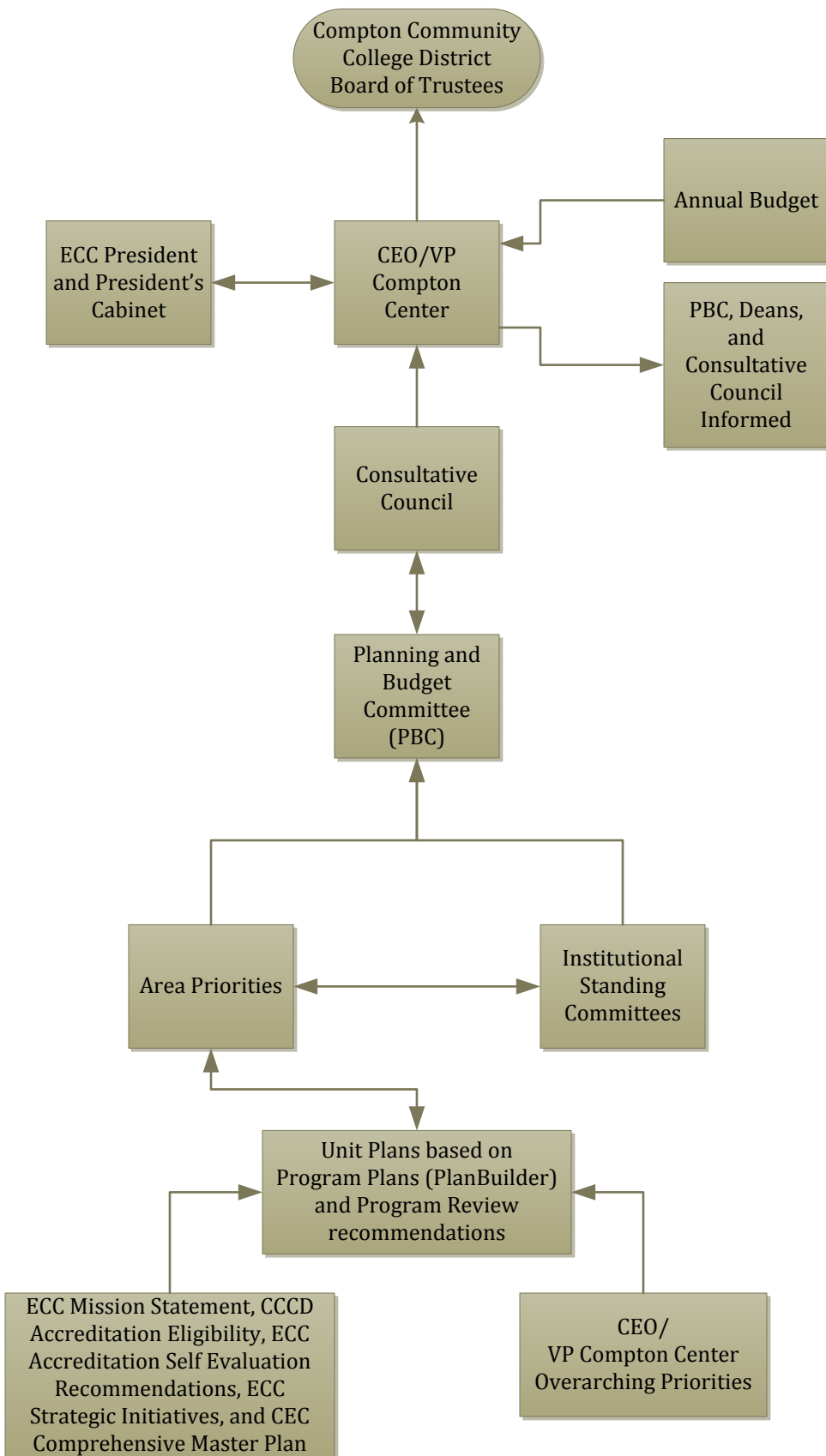
Audits (Board Policy 6400)

There shall be an annual external audit of all funds, books and accounts of the District in accordance with the regulations of Title 5. The Chief Executive Officer shall assure that an annual external audit is completed. The Chief Executive Officer shall recommend a certified public accountancy firm to the Board with which to contract for the annual audit.

In addition, the Chief Executive Officer shall assure that annual audits are completed in compliance with the approval of the District's general obligation bond measure (Measure CC) authorized pursuant to Section 1 of Article XIII A of the California Constitution.

The Chief Executive Officer shall establish the regulations necessary to carry out this policy.

Compton Community College District El Camino College Compton Center Planning Process



EXPLANATION
The CEO and VP/Compton Center review recommendations. Based on the annual budget, the CEO recommends to the Board of Trustees items for funding. The CEO informs the PBC, Consultative Council, and the deans. Deans then inform the Programs.

The ECC Superintendent/President also reviews and comments on all recommendations.

EXPLANATION
Institutional Standing Committees, including PBC, develop funding recommendations and share them with the Consultative Council.

EXPLANATION
Programs evaluate and prioritize their recommendations based on annual plans in PlanBuilder. Plans should incorporate the ECC Mission and at least one Strategic Initiative and/or CEO/VP Overarching Priorities. PlanBuilder should also include all highly prioritized Program Review recommendations.

Units review, evaluate, and prioritize recommendations and send to the area.

Areas review and evaluate recommendation by incorporating information from Institutional Research, Facilities, Management and Information Systems (MIS). Facilities and MIS review for feasibility when appropriate.