



PLANNING & BUDGET COMMITTEE (PBC) MEETING
Compton Community College District
February 25, 2014 – 2:00 pm – 3:30 pm
Board Room

MEMBERS PRESENT

Trish Bonacic Dr. Billie Moore LaVetta Johnson Miguel Quintero
 Dr. Rodney Murray Dr. Michelle Priest David Simmons
 Carmela Aguilar Dr. Jose Villalobos

OTHERS ATTENDING: Felipe Lopez, Armando Ruiz, and Marci Myers

Handouts

- CCCD Budget to Actual by Major Object Code as of December 31, 2013
- CCCD Five Year Budget Assumption Projection Details (Draft)

I. Call to Order

The meeting was called to order at 2:20 p.m. by Dr. Rodney Murray.

II. Approval of Minutes

The minutes of January 28, 2014 were approved: Mr. Simmons, Ms. Aguilar (moved/seconded). The motion passed unanimously.

III. Committee Reports

Mr. Quintero stated that one of the concerns of the Associated Student Body (ASB) is they would like to know if a student from the District could be appointed to the Student Success Advisory Committee or will a student from the Torrance campus be appointed to the committee to serve as a representative for both campuses. Dr. Murray replied he did not have an answer.

IV. 2014 Budget to Actual

Mr. Lopez provided a handout of the Budget to Actual as of December 31, 2013. He stated that as of December 2013, the District had spent 40 percent of the budget. The expenditures for the 5000, 6000, and 7000 object codes tend to happen at the end of the fiscal year. The largest cost is the line of credit, \$1.2-\$3 million. He stated that the District is on target for all of the other categories.

Mr. Lopez stated that an email to all the managers was sent out two weeks ago notifying them of the purchase order cut-off dates for the general fund. He mentioned that purchase orders will be cut off prior to year-end to ensure all expenditures are captured and that all equipment ordered is received no later than June 30, 2014. The

departments need to spend their budget during the fiscal year and not wait until the last minute to order equipment and supplies. Mr. Simmons asked if the Business Office will be adhering to this policy. Mr. Lopez stated yes; unless there is an approved emergency, individuals will be held accountable to the deadline. He indicated that categorical funds are different and it is important for managers to spend their funding because of carryover compliance regulations.

Mr. Simmons wanted to know why classified salaries were low. Mr. Lopez responded that part of the budget included hiring for classified positions. However, it did not occur by July 1, 2013, which would explain the difference; for example, the part-time Bus Driver position.

Mr. Lopez mentioned that the District had purchased two new vans. They are available for use by any department following the procedures. The main departments that will be utilizing the vans are Athletics and First Year Experience (FYE). Mr. Simmons inquired if the vans were natural gas. Mr. Lopez replied no. He mentioned that they are Ford 2013, 12 passenger vans.

V. Five Year Budget (Draft)

Mr. Lopez provided a draft handout of the Five Year Budget Projections. Starting with the base of the audit numbers for 2013-2014, the first page consists of the assumptions of what drives the five year budget. A question and answer session followed.

Revenue Changes:

- Funded COLA – 1.57 percent for 2013-2014. The Governor’s proposal is 0.86 percent for 2014-2015 and there is a projection of a one percent COLA for the years 2015-2016 through 2017-2018.
- Growth – 3 percent for 2014-2015, dropping down to 2 percent for 2015-2016 through 2017-2018.
- FTES State-Forced Workload Reduction – None in the foreseeable future.
- Utilities - Mr. Simmons asked if the 15 percent increase was due to construction. Mr. Lopez replied that effective January 1, 2014, Southern California Edison provided us with a large rate increase. The increase was statewide. He stated that the Central Plant is not going to make a building that is inefficient efficient. He mentioned that he had met with some folks to help us manage the utility costs. We are one of three institutions that are participating in a program where a company will install smart meters at no cost to the District. The meters will pull data on how many kilowatts are used, all the way down to each individual outlet. He added that the LRC and Allied Health buildings will be coming on line, plus campus lighting.
- Mr. Simmons asked if the water leak near the Math Science building was fixed. Mr. Lopez responded yes.
- Dr. Murray asked if the lights were supposed to stay on. Mr. Lopez replied no, they are going through a testing phase. Dr. Murray stated that he thought they were solar. Mr. Lopez replied no. Currently, Phase 2 is having some issues with programming and that is why you see the campus half on and half off. The password information was not supplied. Once they have the password, Phase 2 will be turned on. The programming is to our benefit as we are supposed to be able to power the lights down to 50 percent during peak hours. Our goal is to turn

the lights down to 50 percent at 11:00 pm and power them back up in the morning.

- Dr. Murray asked if a Plant Manager would be hired for the task. Mr. Lopez stated that Southland Industries is the contractor for all HVAC systems and the Central Plant. Dr. Murray asked if the District employees will be able to regulate lighting. Mr. Lopez indicated that it would be a joint effort by Southland Industries, MIS, and Facilities.
- Mr. Lopez mentioned that he would use 2013 as the base because that is the actual, and then would project out.
- Ms. Aguilar asked if there would be an increase in STRS costs. Mr. Lopez indicated that STRS had not changed since 1998 and any increases were not embedded into the assumptions. If he puts a percentage in, he can be way over or under so he has it at a zero percent until he receives useful information he can utilize.
- Page 2 is the general fund revenue resources based on the projections. The assumptions on funded FTES also include base funding per FTES and incremental increases in COLA.
- Mr. Lopez stated that he wanted to point out the Cosmetology potential liability. He mentioned that he had a meeting with the Chancellor's Office the following Monday, to discuss the matter. The information provided to the District is a \$5 million dollar potential liability instead of the \$2 million anticipated. The difference is due to the compounding of interest and the failure to reduce our base funding from 2008-2009 forward. This resulted in an unjustified increase in funding. He added that he had already factored in and anticipated a payment to the State of \$779,170 for this year. The impact of the cosmetology obligation is shown over the next four subsequent years as well.
- Page 3 – Expenditures. Mr. Lopez stated that academic, classified and benefit costs have been placed in a line item for new faculty and classified positions to pinpoint what our projections for hiring will cost.
- Page 4 - Provides a breakdown of what the footnote means. These are based on our administrative capacity document setting out where we need to be to become a fully accredited college, and include what is required in house as opposed to what is currently undertaken by El Camino.
- Mr. Simmons noted the negative ending balances for fiscal years 2015-2016 through 2017-2018, increasing up to \$4 million. Mr. Lopez indicated that we will not know until that particular year arrives what the actual balance is but this document is a good planning tool. He stated the goal is to eliminate deficit spending by 2017-2018 and he asked the committee to provide suggestions on what could be done to achieve that goal.
- Mr. Lopez mentioned that we also need to provide ways to address the budgeted amounts in our 4000 Books, Supplies and Materials, 5000 Contract Services and Operating Expenses, and 6000 Capital Outlay object codes. He indicated that in the past a lot of departments failed to spend their actual budgeted amounts. Therefore, we have had a budget that says one thing but in reality the spending habits show something different. The two need to be in-line with each other from a budget standpoint. We need to lower and cut costs in these key areas.
- Ms. Aguilar asked if the document included costs/ savings for retirees. Mr. Lopez responded no. She asked if it could change. Mr. Lopez replied that he could build in a forecast of how many people might retire. However, it would not be a large cost savings.
- Mr. Simmons asked why there is a large variance in the Unemployment Insurance

figure in 2013-2014 through 2017-2018 from \$7,111 to \$106,593. Mr. Lopez stated that the rate is provided by the EDD. The actuarial report sets the rate and everyone has to comply with the rate. The amount is based on an actuarial study that is done every two years and is based on the amount of claims that are in the systems. We have a base amount budgeted and as people file claims, the level of payment increases.

- Mr. Lopez asked the committee to keep in mind that we need to maintain a minimum of a five percent reserve and we should be well above that going into 2015 and based on the preliminary figures presented here, we are slightly above the five percent reserve. However, in 2016, our reserve will begin to diminish and go down to a negative fund balance. We therefore need to look at everything. He asked the committee to take the following question back to their constituent groups: Where do we need to cut costs? What areas do we absolutely not want to cut, and at the same time stay in compliance with the Fifty Percent Law?
- It could be that we suspend funding our OPEB liability. Mr. Simmons asked what funding level is needed in the OPEB fund for the District not to make any further contributions. Mr. Lopez stated that we were far from it. Mr. Lopez stated that it is at least \$15 million. Dr. Priest indicated that the OPEB fund was not a place to cut as it will have to be paid.
- Mr. Lopez stated that the budget includes an increase in Workmen's Compensation of one percent. The current Workmen's Compensation rate is 2.75 percent and we are proposing an increase to 3.75 percent because the District funds the Workmen's Compensation program and we went into a negative balance last year. There were more claim funds going out than revenue coming in and we are short approximately \$390,000. Dr. Priest asked how many paper cuts people get. Ms. Aguilar informed her that it is not paper cuts, it is broken feet, from slips and falls from such things as loose cords or cracks in the sidewalk. Mr. Simmons asked how long an average claim is drawn out. Mr. Lopez replied 1 to 3 years.

VI. Other Business

- ❖ Dr. Murray informed the Planning and Budget Committee (PBC) that the El Camino Torrance campus will be hosting a Planning Summit on Friday, April 25, 2014. All members of the PBC are invited and are requested to attend. He mentioned to Mr. Quintero that he is to work with his ASB colleagues to ensure there will be a good representation from the students. Mr. Lopez inquired about the time. Dr. Murray responded he did not know, however the invitations were going out.
- ❖ Dr. Murray stated that Ms. Graff has a follow-up to the Student Equity Plan. The new Student Equity Plan Template was developed by the Chancellor's Office and is currently under review to ensure it is in line with Student Success Act legislation. Once the template is finalized, each campus will work on a plan. The final Student Equity Plan is due to the Chancellor's Office by October 24, 2014.
- ❖ Dr. Murray mentioned that the committee should make a recommendation to the CEO that the Chief Business Officer become the co-chair of the PBC. Mr. Simmons made a motion for the Chief Business Officer to become the co-chair of the PBC. Dr. Priest seconded the motion. The vote was 5 in favor, 0 opposed, and 0 abstaining. The motion passed.

Dr. Priest asked if the co-chairs would be two managers. Dr. Murray stated that it could be changed and that typically in the past it was an administrator and a faculty member. He stated that currently it is two administrators but he is willing to step down. Mr. Simmons amended the motion and recommended that a faculty member be made the second co-chair of the Planning and Budget Committee. Dr. Priest seconded the amended motion. The vote was 5 in favor, 0 opposed, and 0 abstaining. The motion passed.

VII. Adjournment

The meeting adjourned at 3:09 pm.