



PLANNING & BUDGET COMMITTEE (PBC) MEETING
Compton Community College District
March 22, 2016 – 2:00 pm – 3:30 pm
Board Room

MEMBERS PRESENT

Dr. Rodney Murray Dr. Billie Moore LaVetta Johnson Daisy Delgado
 Dr. Abiodun Osanyinpeju Miguel Ornelas David Simmons
 Carmela Aguilar Dr. Jose Villalobos

OTHERS ATTENDING: Dr. Keith Curry, Felipe Lopez, Armando Ruiz, Eric Mendoza, and Irene Graff.

Handouts

- El Camino College Annual Planning and Budgeting Process Diagram

I. Call to Order

The meeting was called to order at 2:05 p.m. by Dr. Abiodun Osanyinpeju.

II. Approval of Minutes

The minutes of February 23, 2016 were approved. Ms. Aguilar, Mr. Simmons (moved/seconded). The motion passed unanimously.

III. STRS/PERS Funding Schedule

Mr. Lopez stated that at the last meeting the committee was provided with two presentations on the STRS/PERS Pension Trust fund. He stated that the funding schedule proposed to set aside \$400,000 annually through 2021. Mr. Lopez indicated that by redirecting \$200,000 from the Line of Credit that the general fund was paying back, we would not have to make any additional budget cuts. He mentioned that our enrollment is currently stable but we are struggling to maintain it. He thought it was wise not to look for other areas to cut in our existing budget and to continue to operate and provide the services we are currently providing. Mr. Lopez stated that his recommendation was to utilize the \$200,000 from the Line of Credit for STRS/PERS pension costs.

Dr. Murray asked what the funding amount is for the Line of Credit. Mr. Lopez stated that nothing would go into the Line of Credit as long as we continue this program. Dr. Murray asked if we would pay interest on the Line of Credit. Mr. Lopez stated that the District does not pay anything. As might be recalled, several years ago the general fund borrowed \$2 million from the Line of Credit and it was determined that the District would pay back the Line of Credit. There is no interest payment. Mr. Lopez stated that he would like to redirect those funds to take care of the pension cost and then we would not have to cut into the current budget. Ms. Aguilar clarified that the initial amount is \$500,000, then \$200,000 every year. Mr. Lopez responded, correct.

Ms. Aguilar asked if a company had been chosen. Mr. Lopez stated that he wanted to know what the committee thought. He stated that he could share his thoughts on a plan that he felt could work, which is similar to our OPEB. The company that we use for OPEB is Futuris, which is administered by Keenan and was the second presentation. Mr. Lopez indicated that the committee is set-up similar to the investment team that we use for OPEB. He mentioned that he feels comfortable with them and they will provide excellent support on the investment. He mentioned that one of the things he likes about Keenan versus PARS is that with Keenan we have the potential to influence recommendations on the types of investments and where they directed, whereas with PARS we are basically in a pool and the investment decisions are made by an investment manager. Mr. Lopez indicated that he liked the set-up with Keenan & Associates because they provide a risk factor with guidelines of rates of return we want to attain. The actual buy-in is placed with the investment team and we have the ability to maneuver with our risk factor and have a little more control.

Dr. Murray asked if the rate of return was similar with both companies. Mr. Lopez responded that they would probably say similar things about the rate of return but the bottom line is it is a target rate of return. It is sensitive globally to what is happening in the market. Dr. Murray asked if we did not like what was happening with the market could we have them switch us to fixed rates? Mr. Lopez stated that he believed those are things that we can do. The investment will provide feedback on what is best because we do not want to put money in and pull money out in reaction to the market. Mr. Lopez stated that Keenan & Associates will do all of the leg work for us. We do not prepare any of the agendas or take any minutes, they will do all of the reports, it is all administrated by them and is part of their cost.

Dr. Murray asked about the cost. Mr. Lopez stated that it was comparable. There is nothing that makes one more significant than the other. He prefers the formation of the actual fund and the actual advisement that comes with it because Keenan uses the Benefit Trust Administrator and utilizes Morgan Stanley as the Investment Advisor. PARS uses US Bank. US Bank has a more conservative approach. Dr. Murray mentioned that he likes US Bank because Morgan Stanley does not "do conservative." Mr. Lopez stated that with Keenan we will dictate what the risk level is and the funds will be in there short-term. Dr. Osanyinpeju asked that since

we do a lot of business with Keenan are they willing to discount the cost? Mr. Lopez stated that it is a subject we could discuss with them. Mr. Simmons indicated that the fees that they charge with OPEB are fairly inexpensive already. Mr. Lopez mentioned that it was a few hundred dollars and he is shocked at how little we pay. Dr. Osanyinpeju asked if we will choose where to place the monies. Mr. Lopez stated that we do not pick and choose where the funding goes. The company will look at the risk factors and provide us with options. We are a participant in the process. Dr. Osanyinpeju asked if we had any experience with PARS. Mr. Lopez responded, yes. He stated that the overall plan is to help with the increases in PERS and STRS. He indicated that the plan is to put \$200,000 annually in the trust going forward.

Dr. Osanyinpeju stated that the committee has to create a memorandum to the CEO about this. He asked the committee members if they would like to decide now or go home and review the information. Dr. Murray stated that they should take a vote now. Dr. Murray moved to use Keenan & Associates and that we use the initial investment of \$500,000 and subsequently \$200,000 annually. Mr. Simmons seconded the motion. The vote was 6 in favor, 0 opposed, and 0 abstentions. The motion passed.

Dr. Osanyinpeju stated that he would prepare the memorandum and forward it to Mr. Lopez and Dr. Curry.

IV. 2016-2017 Budget Update

Mr. Lopez stated that his office will be sending out the 2016-2017 Budget Development memorandum at the end of the week. It will inform all managers and Deans to start preparing their budgets along with a timeline when they are due back. The budgets will be compiled and brought forth to this committee to start reviewing and moving forward in order to approve the tentative budget, which will be on the June Board agenda. Dr. Murray inquired when the final budget goes to the Board. Mr. Lopez responded that the final budget has to be adopted by September 10, 2016.

V. Planning Process Diagram

Ms. Graff mentioned that she did not want to contradict Dr. Curry but indicated that there were two diagrams. The first is the Global Master Plan and the other is the Annual Planning Process, and it is a subset of how we do annual planning in TracDat. She indicated that the Compton District was ahead of the Torrance Campus and they had decided to update their Annual Planning Process based on Administrative Procedure 3250. She indicated that El Camino had updated its Annual Planning Process and she brought this forth to see if Compton wanted to create an update as well. This diagram emphasizes how program review is integrated and there should be only two reasons why something would come into the annual plan; if it is in your Program Review or if it is an Emerging Need. An

emerging need could be health and safety issues, new mandates from the state, or something that came up after your Program Review, a new development or direction.

Dr. Murray asked if your Program Review was done three years ago, you could still refer in the Annual Plan that it was in the Program Review three years ago? Ms. Graff replied yes, as long as it is your most current Program Review. She indicated that this process also references the Mission and Strategic Initiatives. She stated that the new Mission and Strategic Goals were just approved so that would be a foundation for planning. It usually starts at a departmental level for a small program and goes to prioritization up to Unit Plan (Divisions/Units), which is usually bigger departments or divisions. The Area Plan (Vice Presidents) would go to a Prioritization Process.

Ms. Graff stated that all of it would be slightly different. We have Strategic Initiatives on which we base our planning, but then we have all of these other criteria in the budget book. Ms. Graff replied that each unit does it differently, some use stickies, others on-line voting. She indicated that the ultimate goal in TracDat is that we want a Center Plan, so it can be published on the portal for the public and all employees to see what was funded in the annual plan. This is separate from the budget book that is published. It will be the little subset of discretionary funded items for adding new positions, software, equipment, etc. She stated that the proposed Center Plan would go through the Planning and Budget Committee, the Academic Senate, and other proposed consultation groups, and then finally be approved by the Provost, and the Board of Trustees.

Ms. Graff stated that in addition, we never had an inner cycle, which is the faculty hiring process. This reflects a mini- loop on the right hand side to show the process for faculty hiring. It could be something to consider in the annual diagram. She indicated that the final loop is Evaluation and that we were all weak in that area. We will have to show evaluation more and more to close the loop on the benefit of funding.

Dr. Murray asked if out of TracDat we will come up with a college plan. Will reports be pulled out of it, and is that going to be the plan? Ms. Graff stated that if the area leaders cooperate it is very possible. We have the unit level, the area people are working on them, the area plan, and whatever is funded will go into the College Plan. Dr. Murray asked if the Evaluations are where we will begin next year. Ms. Graff responded, yes. She indicated that at the college level we do need to do the evaluation piece. Ideally, in the annual plan update, because you see what is funded, then you should be able to show what we were able to do for students as a result of the new funding.

Dr. Murray wanted to clarify that if you have done your Program Review and it is two years old, the evaluation will then go into to the Annual Plan. Ms. Graff responded, correct. Dr. Murray inquired if we still referenced the initial Program

Review? Ms. Graff replied that it is automatically connected to TracDat and that is how we evaluate Program Review.

Mr. Simmons asked how the different areas of Master Plans fit into this, for example, the Technology Master Plan, the Educational Master Plan, and the Facilities Master Plan. Ms. Graff stated that a decision was made not to include them, but she thinks it is worth considering.

Mr. Lopez inquired about the other diagram and asked if it was the official one. Dr. Osanyinpeju stated that it was the official one of the District. It was shown to the Consultative Council and he could send it out. He stated that he wants to make sure that the Program Review process is working, and the funds requested are needed. Ms. Graff stated that approximately two years ago at the Planning Summit there was a game where people developed different models and a model was adopted that looked like that at the Torrance campus and we did not update the one that was sent out to the committee. Accreditation asked us about the Planning model and the Consultation group indicated that there used to be a grid and found that we should have both. The diagram provided today was for information only.

Mr. Lopez asked if there would be any additional TracDat training for the Compton campus because we have a lot of new people. Ms. Graff replied that at this point we are past the training period and are currently training area people. She stated that if he had a need for training to schedule it and send her an email. She would be happy to come over and provide training. She mentioned that training will begin early next fall for faculty members and program leaders. Ms. Graff stated that there is no Planning Summit at El Camino this year.

VI. Adjournment - The meeting adjourned at 2:55 pm.