



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

MEMBERS PRESENT

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

OTHERS ATTENDING: Felipe Lopez, Barbara Perez, Armando Ruiz, Michael Odanaka
Toni Wasserberger, Shirley Kelly, and Peggy Moore

Handouts

- CCCD Budget to Actual by Major Object Code as of February 28, 2014
- CCCD Five Year Budget Assumption Projection Details (Draft)
- 2014-2015 Underlying Tentative Budget Assumptions
- Fifty Percent Law Plan (Draft) Letter

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 February 25, 2014 were approved: Ms. Aguilar, Dr. Murray (moved/seconded). The motion passed unanimously.

III. Committee Reports

Ms. Bonacic acknowledged the two representatives from FCMAT and asked them to introduce themselves. Ms. Shelly Kelly introduced herself and Ms. Peggy Moore. Ms. Kelly stated that they started their review at Compton reviewing Academic Standards and Student Services. She is pleased to say that as of last year Compton had met the FCMAT Academic Standards for two successful years and they will no longer be reviewed. A couple of years ago they were asked to take on the governance standard and that is what they will be doing today. Ms. Kelly thanked the committee for having them.

IV. Five Year Budget Assumption (Draft)

Mr. Lopez provided a draft handout of the Five Year Budget Projections. He stated that the five year budget assumption was updated from the last draft. Starting with the base of the audit numbers for 2013-2014, the first page consists of the assumptions that drive the five year budget.

He stated there was an error in the revenues and COLA was not included. The revenue was projected based on the 2013 funded credited FTES. The adjustments were made and now are reflected in the handout. He stated that the budget also included the cosmetology liability. Currently, it is still approximately a \$5 million dollar liability that the District will have to pay back. He mentioned that there is an upcoming conference call on Tuesday, April 1, 2014 and from there he will be able to finalize a plan going forward.

A question and answer session followed:

- Page 4, the ending fund balance shows that we are still deficit spending, but not as severely as first anticipated.
- The reserves show decreasing reserve percentages. We want to ensure that we have adequate reserves going forward. Mr. Lopez hoped that the committee would propose recommendations that should be incorporated into the five year budget.
- Dr. Murray wanted to confirm that there was no reserve from 2015-2016 through 2017-2018. Mr. Lopez stated that he did not set aside reserve for contingencies. He mentioned that going forward he will anticipate placing a small reserve for contingencies. In 2013-2014 we budgeted for a contingency of \$1.4 million. It depends on how the state will factor their liability and how their payment plan will be implemented.
- Mr. Lopez mentioned that the assumption is this year we will take an immediate base reduction of \$780,000 and on an ongoing base we will have a revenue adjustment of \$715,000 per annum until the liability is paid off, hopefully over a five year time frame.
- Dr. Murray asked if we would have a five percent reserve. Mr. Lopez stated we will have it up to 2016-2017. We will dip below that in 2017-2018. The Chancellor's Office minimum is five percent.
- Mr. Simmons noticed that the Police Services contract had increased one percent a year. He inquired about a budget reduction. He stated that some of the other departments had received everything they asked for plus more. They never took the hit when everyone else did and he did not think it was fair. He felt they should be reduced from the \$1.3 million. Mr. Lopez stated it was something they could go back to El Camino with and renegotiate. He mentioned that they follow a certain step increase and the budget compensated for that. He stated that the equipment that is housed at the District is the property of Compton and some of that is in need of repair. Ms. Perez stated that the bulk of the figure is contracted salaries and there is very little in overhead; Health and safety will trump other issues.
- Mr. Simmons wanted to know how many officers were on duty during the day. Ms. Perez stated three during the day, two at night, and one on graveyard. Mr. Lopez stated that every event on campus required security and those are added costs that drive the contract up. Dr. Moore indicated that when there is a community activity, those individual who are renting the facility also pay for the additional staffing and overtime during the time period.
- Ms. Aguilar wanted to know why additional faculty were being hired if FTES was declining.
- Dr. Moore asked why we were borrowing from the summer. Ms. Perez stated that we were borrowing from the summer to meet our goal. There was a potential of a

severe hit. Compton had to cut its classes and every other District had been doing so for five years. We had to cut because we had to prepare for the possibility of Proposition 30 not passing. We made cuts in the fall and lost students and then Proposition 30 passed. We upped the course offerings but so did every other college in the region and we lost overall enrollment. To be fully funded for this year we needed 6060 FTES. So we borrowed 178 FTES out of this current year. We have increased our course offerings in the summer, fall, and spring in an effort to make them back. She stated that if the recommendation from the PBC is that we are not going to attempt to meet the goals set by the Chancellor's Office of three percent growth, we will offer fewer courses.

- Dr. Moore stated that growth was not the issue related to the need for ten new faculty; there were other reasons why enrollment failed. She stated that there was no serious recruitment plan, no comprehensive staff in the community where people were well informed, and bottle-necking during registration when students came in spending up to three hours to get classes. There was an in-depth discussion regarding this issue.
- Ms. Aguilar inquired about a two year service credit payout for potential retirees. Ms. Perez stated that there was a cost. Ms. Aguilar asked that Mr. Lopez provide a breakdown of the cost. Mr. Lopez stated that the driving point behind hiring ten new faculty was to ensure that we meet the Fifty Percent Law.
- Mr. Simmons asked if the repayment to the Line of Credit could be restructured so it would be more favorable to the District. Mr. Lopez, based on a conversation with the State, indicated that it is unwilling to modify any terms but we can repay more quickly to delete the debt.
- Dr. Murray asked if the deficit will hurt us as we apply for eligibility for accreditation. Mr. Lopez replied yes.
- Dr. Moore mentioned the golden handshake that had been offered ten years ago Ms. Perez stated that it does not necessarily save money. To give STRS credit is the most expense mechanism there is because it is based on actuarial calculations.

V. 2014-2015 Budget Assumptions

Mr. Lopez provided a draft handout of the 2014-2015 Tentative Budget Assumptions which will tie into the five year budget assumptions worksheet. A question and answer session followed. He mentioned that he had updated the budget and there was a significant change to include the COLA increase. The revenues were based on 2013 funding and a significant change to the overall ending balance.

I. Basic Revenue and Expense Assumptions:

G. Offering 1,600 sections in 2014-2015. – Mr. Simmons stated that he could not remember the terminology for courses versus sections, where they would have one individual teach three sections. For example, welding where they would have multiple students in multiple sections but one instructor during the same time period. Mr. Perez responded that there are two sections where labs are taught together but the faculty member receives credit for one lab. She mentioned in a case such as this, the classes are not full and the lecture has fewer numbers. She stated that this is found in Nursing because there are only ten students and they go to clinical. The other classes are in Vocational Technology.

- N. Budget to fill the following nine-faculty positions: - Dr. Moore inquired about the nine faculty positions. Ms. Perez stated that there are now two positions open in Nursing, as one person is retiring. Dr. Moore clarified that there were therefore now ten open positions. Ms. Perez stated that was correct:
- a. Art
 - b. English – Two Positions
 - c. Human Development
 - d. Machine Tool Technology
 - e. Mathematics – Two Positions
 - f. Nursing – Two Positions
 - g. Welding
- Mr. Simmons asked if all of the positions were filled from the last golden handshake. Ms. Perez replied yes.
 - Dr. Moore voiced concern over the full-time positions. She stated that there is a fiscal crisis with a chance for a potential layoff. She felt it is best to have part-timers fill in some of the positions rather than to hire full-time tenure track instructors. Ms. Perez stated the instructors were being hired for English and Math, machine tool, and welding to help foster career technical education, something the Advisory Committee is concerned about. She stated that it is very hard to find part-time instructors to teach during the day and that is when the courses are needed.

The Nursing program requires a certain amount of full-time instructors. The District is below minimum as we are unable to recruit nurses. This places the program in jeopardy.

Ms. Perez stated that there has not been a full time Art instructor since Dr. Da Silva left.

Ms. Perez mentioned that Human Development is related to Student Success Services and programs coming through the state, to help students overcome the barriers that students face and those are being mandated by law. The students have to go through assessment testing, orientation, and obtain an educational plan before they are allowed to register. The state sees students are enrolling however; no one is obtaining a degree. Ms. Perez mentioned that the student must declare a major after 15 units and have a program of study. Mr. Simmons commented that some students obtain a job prior to finishing school.

- O. Budget to fill three new non-faculty positions. Dr. Moore and Ms. Bonaic inquired about the non-faculty positions. Mr. Lopez stated he did not know off the top of his head.
- P. Dr. Moore inquired about the budget for the Vice President of El Camino College Compton Center. Dr. Murray indicated it was Ms. Perez.

Mr. Lopez asked the committee members to review the Budget Assumptions in detail and submit any adjustments/changes for consideration prior to the next meeting. Mr. Lopez will then ask the committee for a vote of recommendation that the Budget Assumptions be approved.

VI. Fifty Percent Law Plan (Draft)

Mr. Lopez provided a draft handout of the Fifty Percent Law Plan. He stated that the District was required to submit a plan to the Chancellor's Office no later than June 30, 2014. Currently, the State has withheld our \$499,000 deficit from the District until the plan is submitted and approved by the State. Mr. Lopez stated that he would retrieve the draft handout at the end of the meeting as there are revisions and the document is not ready to go out.

Dr. Murray asked if the handout would be negotiated with the Certificated Federation prior to being sent out. Ms. Perez stated the determination involves the amount, not the plan. Mr. Simmons mentioned that the Chancellor's Office prefers chart form documents based on past practices, as opposed to narratives. Mr. Lopez stated that he would look into incorporating some charts into the document. He indicated they had come up with a plan to address the Fifty Percent Law on continuous basis. Dr. Murray asked if that amount could go up or down, or was the amount concrete. Mr. Lopez stated that the amount was provided to the District. Ms. Perez stated that there are two things to consider: The plan on how we plan to be in compliance over the years is not a negotiable issue. What is negotiated is how the "x" dollar figure is distributed over the next two years.

Dr. Priest inquired if the \$750,000 had to be spent on the right side of the Fifty Percent Law. Dr. Murray replied yes. Dr. Moore stated that whether the union is negotiating or not, or making recommendations for different things, the institutional Budget Committee should be allowed to review it and make recommendations. Then the union could make its recommendations. The PBC should be involved in the process whether it is a formal or informal recommendation. Dr. Priest mentioned that the only ways to spend the \$750,000 are salaries, benefits, or on the instructional people who are in the room. Ms. Perez stated that this was a matter of negotiation between the union and the District and PBC could not be involved because it was not involved in the collective bargaining process.

VII. 2014 Budget to Actual

Mr. Lopez provided a handout of the Budget to Actual as of February 28, 2014, of the unrestricted general fund. He stated that the handout shows what is available and the annual expenditures going forward. This is always changing as new people are hired. He indicated that there was nothing out of the ordinary: salaries were consistent. The expenditures for the 4000 Books, Supplies and Materials, 5000 Contract Services and Operating Expenses, and 6000 Capital Outlay object codes are a little tricky and outgo tends to happen at the end of the fiscal year. The larger payment, including the line of credit, is not done until June 2014. This also includes the payment for PARS retirement incentive, which is made in June. Under the 4000 object code the District had spent 40 percent of the budget. Mr. Lopez informed Ms. Perez that she had until Friday, to enter requisitions and get purchase orders.

VIII. Other Business – None.

IX. Adjournment

The meeting adjourned at 3:18 pm.