



**PLANNING & BUDGET COMMITTEE (PBC) MEETING**  
**Compton Community College District**  
**April 22, 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:** Dr. Keith Curry, Felipe Lopez, Armando Ruiz, Marci Myers, Jerome Evans, and Dr. Ikaweba Bunting

Handouts

- CCCD Budget to Actual by Major Object Code as of March 31, 2014
- CCCD Five Year Budget Assumption Projection Details (Draft)
- 2014-2015 Tentative Budget Assumptions

I. Call to Order

The meeting was called to order at 2:08 p.m. by Trish Bonacic.

II. Approval of Minutes

The minutes of March 25, 2014 were approved: Ms. Aguilar, Ms. Johnson (moved/seconded). The vote was 7 in favor, 0 opposed, and 1 abstention. The motion passed.

III. Committee Reports

Mr. Simmons announced that the Classified Union's new President is Amankwa McKinzie.

IV. Strategic Planning Process

Ms. Myers stated that they were proceeding with the next five year strategic planning process, which will be presented at the Planning Summit on Friday, April 25, 2014. She wanted to know if the committee would like an update from El Camino's Planning and Budget Committee meetings.

Ms. Bonacic asked if anyone would be interested in receiving the minutes from El Camino's Planning and Budget Committee meetings. It would allow everyone to receive the same information and possibly increase the attendance at the meetings. She mentioned that an ad hoc Strategic Planning Committee was formed and they met the last two Fridays. The committee looked at the Strategic Initiatives, the Mission

Statement, and the provisions and suggested revisions based on SB1456--the Student Success Initiative,-- as well as other matters. Ms. Aguilar indicated that she would be interested in receiving the minutes from El Camino's Planning and Budget Committee.

Ms. Myers provided highlights from the El Camino's Planning and Budget Committee. She stated that Ms. Higdon had reviewed the Five Year Draft projections of revenue and expenses based on the state's assumptions. She mentioned that Government Accounting Standard Board (GASB) changes and features of Proposition 30 were discussed, however, not in length, pending further details.

V. Budget to Actual

Mr. Lopez provided a handout of the Budget to Actual as of March 31, 2014, of the unrestricted general fund. He stated that the handout shows what is available and the annual expenditures going forward. He mentioned that the actual does not reflect any of the adjustment for cosmetology. The District will go with the number provided by the state. However, we are still in negotiations with the state, as the matter is more complex than anticipated. Our goals are to pay zero and have the matter resolved by June 30, 2014.

Dr. Priest asked if the number was between zero and \$5 million. Mr. Lopez replied yes. He has teamed up with Ms. Higdon on the matter to push the state on some terminology and interpretations of AB318 to benefit us. He will continue to share the information as it becomes available. Mr. Lopez stated that we are on target as of March 31, 2014. We will not go over budget and not spend more than what is anticipated. The line of credit is not included in this calculation and is due in June 2014 in the amount of \$1.3 million. Nor is the early retirement incentive for faculty, which also comes from the unrestricted general fund.

Mr. Lopez stated that it is important for staff to start closing down the purchase orders because then we can get a better projection of the ending numbers. Mr. Simmons asked if anything was being done to discourage departments from spending money. Mr. Lopez replied that he does not do that and it was up to the individual departments to stay within the standards when spending, obtaining proper approval, and implementing sign offs. Mr. Simmons indicated that someone should monitor the spending, for example when the District replaced Ricoh for Xerox, there was an excessive amount of supplies purchased--to last ten years--and quite a bit of money was wasted. Mr. Lopez responded that Xerox provided credit to the District for supplies we had in bulk. Ms. Bonacic stated that categorical funds are the exception to the rule because they run later. Mr. Lopez agreed, as categorical has strict spending rules and he did not want to hinder their ability to spend. He is working with categorical programs to get their requisitions in that they know are coming up at the year- end. They are going to be busy evaluating purchase orders, closing the purchase orders out, and rolling them forward; we do not want to be hindered with approving 50 requisitions that come in all at once.

Mr. Quintero inquired about cosmetology and the reason for the 13 percent reserve. Mr. Lopez replied that cosmetology did not have a direct link to the reserve. He indicated that the statewide reserve average is approximately 15 percent. He mentioned that he will begin to share statewide averages.

Mr. Lopez mentioned that Government Accounting Standards Board (GASB) 68, which relates to pension costs, now has to be recorded on the District's financial books. This is a governmental standard that has to be implemented for the year ending June 30, 2015, placing the STRS and PERS debt on the books. We will have to wait for the actuarial study to determine what the liability will be, which is similar to GASB 45 and Other Postemployment Benefits (OPEB). We will work with the Los Angeles County Office of Education (LACOE), which will be the liaison to PERS and STRS.

#### VI. 5 Year Budget Assumption (Draft Update)

Mr. Lopez provided a draft handout of the Five Year Budget Projections. He stated that the expiration of the Education Protection Account (EPA), or Proposition 30, sales tax will expire on December 31, 2016. The income tax increase expires two years from that date, on December 31, 2018. This means the state will have to fund the District more out of their pocket. We get \$1 billion on a statewide average that comes from the sales tax and \$5 billion from the income tax increase; which total \$6 billion annually. The make-up is income tax 80 percent and sales tax 20 percent. Mr. Lopez stated that as you will note on line 9 in 2013-2014 our estimated EPA dollars are \$4.2 million. We are projecting a slight increase in 2014-2015 at \$4.5 million then another increase in 2015-2016 of \$4.7 million. Following that year, in 2016-2017 and 2017-2018, we begin to taper off on the EPA, as the sales tax expires. In the year 2016-2017 we will receive six months of sales tax from July 1<sup>st</sup> through December 31<sup>st</sup>. However, from January to June 30<sup>th</sup> 2017 we will not receive any of these funds. EPA funding will drop approximately 10 percent going into 2016-2017. In 2017-2018 we will drop 20 percent. In 2018-2019 we will still have some EPA dollars but in 2019-2020 all funds will cease unless there is some amendment or extension of the tax increase. Mr. Lopez stated that the EPA does not provide us with any additional monies all it does is lower the out of pocket funding from the state. This allows the state to provide cost of living adjustment (COLA) or increase funding in other programs. It does not increase our general apportionment.

- Page 1 makes up the Five Year Budget Assumptions.
- Dr. Bunting inquired about the Special Trustee Categorical funding and why it was highlighted in red. Mr. Lopez stated that it is not a general fund account. The funding is accounted for in the restricted fund. The state allows us to record expenses related to having a Special Trustee separate from and outside of the general fund. The state pays for the Special Trustee. Dr. Bunting clarifies that the Special Trustee receives remuneration for the work that he does, is that correct? Mr. Lopez replied yes, he is paid by the state.
- Page 2 - are the revenues. Under unadjusted revenue is cosmetology and it is included in the Five Year projections. If we were to finalize the plan by June 30, 2014, we would take an immediate \$380,000 adjustment to our general apportionment and subsequently we would include annual payments of \$920,000 per year over a five year period. Mr. Lopez stated that this was based on his assumptions and he did not know if the state would allow us any longer payment schedule beyond five years. Dr. Priest asked if this assumes no interest. Mr. Lopez responded that interest was included.
- Pages 3 and 4 are the expenses. Dr. Curry mentioned that the goal he would like to achieve is to consistently maintain a reserve of 7 percent. The goal will be met

in 2017 however in 2018 we are a little shy, at 6.25 percent. It is still above the 5 percent minimally mandated reserve.

- Ms. Aguilar inquired about the new faculty for 2012-2013 and 2013-2014 and stated there were no numbers for the nine new hires in 2014-2015. Mr. Lopez mentioned that the footnotes on page 4, reflect those positions and the increases are step increases.
- Mr. Evans asked what specific areas would be reduced. Mr. Lopez responded, discretionary funds, non- instructional funds, supplies and equipment. They are reevaluating contracts but do not anticipate cutting staffing.
- Mr. Evans wanted to know if the District had an escrow account that rolls over unspent funding. Mr. Lopez replied that the District will reevaluate and make suggestions if money is not spent this year and will reallocate it based on need.
- Dr. Priest inquired about the numbers above the designated fund balance and asked if it was the revenue stream. Mr. Lopez replied yes. Dr. Priest stated that looking at the number on the bottom of page 2 and the grand total of expenditures; she could not see how we were deficit spending unless the two numbers were not supposed to be subtracted from each other. Mr. Lopez responded that the bottom number is the ending fund balance; page 2 at the very bottom “Projective Revenue Balance” is missing the word “fund balance.” Page 4 under 2013-2014 shows a grand total of \$33.1 million, compared to the projected revenue of \$31.6 million.
- Mr. Simmons stated that on page 3, under contract and personal services there is a jump of approximately \$600,000 from last year to this year. He would like to know why. Mr. Lopez stated that he would have to bring the answer back and that it was probably related to multiple contracts, which would include the one with Xerox.
- Dr. Priest asked about the asterisks on page 3, for new hire benefits. Mr. Lopez stated that it should be removed. Dr. Priest stated that she did not see \$1.2 million under books, supplies and material and wanted to know where it would come from. Mr. Lopez stated that they were working to reduce the budget to reach our goal of a 7 percent reserve.
- Dr. Bunting asked if on page 3, under academic salaries, the instructional salaries “others” were adjunct. Mr. Lopez responded yes. Dr. Bunting asked about instructional salaries regular – full time faculty; non instructional salaries regular – administrators; and non-instructional salaries other – counselors and librarians. He asked what the ratio to faculty was for each. Mr. Lopez stated that he did not have that information but that Human Resources would have those numbers.
- Dr. Priest stated that on page 3, under food. Why was approximately \$17,000 budgeted and then cut down to \$3,500. Mr. Lopez replied it was based on the 2012-2013 budget.

Mr. Lopez asked for approval of the budget.

- Dr. Moore questioned going ahead with the nine positions at the same time we were speaking of making cuts and when some current faculty are finding it difficult to make load. She did not understand the reason for the additional new hires. Dr. Curry stated the load for math and English is largely taught by part-timer faculty members. The goal is to increase them to full-time. He stated that there are more part-timers teaching classes than full timers. It is supposed to be 75 percent full time and 25 percent part time faculty. Dr. Moore stated the District should be creating stability instead of hiring additional faculty. This was discussed in detail and Dr. Curry voiced concern about the cosmetology liability.

He also stated that it was possible that not all of the nine new faculty members would be hired.

- Dr. Bunting asked what, under the budget assumptions, letter N, was the budget for the Vice President of El Camino College Compton Center. Mr. Lopez indicated it was Ms. Perez.
- Dr. Bunting inquired about letter M, the non-faculty positions. Dr. Curry stated that all three were classified positions, for an instructional associate for CTE, an Accountant in the Business Office, and a person in the science lab. Dr. Curry also mentioned that the position for the Student Activity Coordinator would close soon.

Ms. Bonacic asked if the committee was ready to move forward with the recommendation to the CEO to accept the budget as presented, with the tentative budget assumptions. Dr. Priest moved to accept the budget and the assumptions as presented, assuming the CBO brought back the requested information. Ms. Johnson seconded the motion.

Discussion:

- Mr. Simmons stated that the new faculty positions should not be filled and the recommendation that should go forward is to not fill the nine faculty positions.
- Dr. Moore stated that with the provision that Mr. Simmons had made, she could vote without having to abstain.
- Mr. Quintero stated that he would be abstaining, as he did not attend the last meeting.
- Dr. Priest stated that the budget included the nine new hires and the other committee members could not change the budget. Dr. Bunting commented it was being drawn out and discussed at nauseam. He then explained Robert's Rules of Order to Dr. Priest, stating that a recommendation could be made with the new addendum.

Dr. Priest moved to accept the budget and the assumptions as presented, assuming the CBO brought back the requested information. Ms. Johnson seconded the motion. The vote was 3 in favor, 4 opposed, and 1 abstention. The motion did not pass.

Mr. Simmons moved to accept the budget and the assumptions as presented, without the hiring of the nine new faculty members. Dr. Moore seconded the motion. The vote was 4 in favor, 3 opposed, and 1 abstention. The motion passed.

VII. Other Business – None.

VIII. Adjournment

The meeting adjourned at 3:30 pm.