



PLANNING & BUDGET COMMITTEE (PBC) MEETING
Compton Community College District
June 7, 2016 – 2:00 pm – 3:00 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: Steve Haigler, Barbara Perez, Armando Ruiz, and Rachelle Sasser

Handouts

- 2016-2017 Tentative Budget Review Memorandum dated May 24, 2016
- Compton Community College District Budget Assumptions 2017
- Compton Community College District 2016-2017 Tentative Budget General Fund

I. Call to Order

The meeting was called to order at 2:10 p.m. by Dr. Abiodun Osanyinpeju.

II. Approval of Minutes

1. The minutes of March 22, 2016 were approved with the following changes: Mr. Simmons, Dr. Murray (moved/seconded). The motion passed unanimously.
 - Page 2, paragraph 2, fourth line, delete “what we need to produce of.”
 - Page 4, paragraph 2, first line, change “2015-16 academic year” to “2015-16 through 2019-20 academic years”.
2. The minutes of April 26, 2016 were approved. Mr. Simmons, Dr. Murray (moved/seconded). The motion passed unanimously.
3. The minutes of May 24, 2016 were approved with the following changes. Dr. Murray, Ms. Delgado (moved/seconded). The motion passed unanimously.
 - Page 2, paragraph 2, line 9 remove “in Student Enrollment that”.
 - Page 2, last paragraph, first line remove “receive’ at the end.

- Page 2, last paragraph, fourth line remove “and there is no way we want.”

III. 2016-2017 Budget Assumptions

Mr. Haigler informed the committee that Felipe Lopez provided a handout of the 2016-2017 Budget Assumptions.

- A. Projected beginning balance: \$9,773,000
- B. Estimated local, state, and other revenue: \$35,558,000
- C. Reserve for contingency and ending fund balance: \$9,305,000 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 2016-2017.
- F. No Cost of Living Adjustment (COLA) increase.
- G. Budget for the GASB “pay as you go” costs for Retiree Benefits: \$525,000.
- H. Project Public Employee Retirement System (PERS) contributions increased to 13.888% and State Teachers Employee Retirement System (STRS) increased to 12.58%.
- I. Budget for projected utilities increase of 2.0% or a total cost of \$1,200,000.
- J. Budget all step and column increases of approximately \$220,000.
- K. Budget to fill the following full-time faculty positions:
 1. Anatomy/ Physiology (2- Positions)
 2. Communications
 3. Cosmetology
 4. English/Reading
 5. Spanish
 6. Student Success and Support Programs Counselor – Restricted Fund
 7. Student Equity Counselor – Restricted Fund
- L. Budget to fill the following full-time classified position
 1. Cosmetology Assistant
- M. Budget for instructional supplies and materials for the Cosmetology program of \$25,000.
- N. Budget for the Vice President of El Camino College Compton Center (\$165,000, including benefits).
- N. Budget for line of credit debt expense (\$1,292,420).
- O. Budget for the Police Services Contract with El Camino College (\$1,435,000). Mr. Simmons asked if the Police Services contract be frozen to last year level. Mr. Haigler replied “the amount is the same as last year. Ms. Perez indicated that the only reason it had increase was because of the step-in-class increases in the salary schedule.
- P. Budget for Other Postemployment Benefit (OPEB) contribution of \$250,000.

- Q. Budget for the California Public Entity Pension Stabilization Fund (PERS/STRS) contribution of \$200,000 (new).
- R. Budget for Compton Community College District Personnel Commission (\$280,000).
- S. Budget for one-time augmentations for Enrollment Management (\$100,000).
- T. Unrestricted Budget includes the following interfund transfers:
 - 1. Transfer \$400,000 to the Property & Liability Fund (Insurance).

Tentative Budget 2016-2017-Memorandum

Mr. Haigler provided an overview of the memorandum from Mr. Lopez. He stated that the memorandum was Mr. Lopez analysis of the Tentative Budget 2016-2017. He stated that we are deficit spending by \$450,000.

Mr. Haigler indicated that as you are aware, Eligibility Requirement for Accreditation number 5 (Financial Accountability) states, "An applicant institution must not show an annual or cumulative operating deficit at any time during the eligibility application process."

Therefore, Mr. Lopez recommended that we reduce expenditures to achieve a balanced budget and ensure compliance with the Eligibility Requirements. This reduction will be reflected in our 2016-17 Final Budget.

Mr. Simmons indicated that we will not be spending \$280,000 for the Personnel Commission because that department has yet to be created, which means there are no expenses for the Director. This will allow us to save money. Ms. Perez informed Mr. Simmons that he has forgotten that the Commission will determine its own budget. There was an in-depth discussion regarding this issue.

Total unrestricted general fund revenues are down approximately \$1 million compared to the 2015-2016 final budget. The primary reasons are a reduction of one-time funds (mandated claims), and the reduction of proposition 30 funds due to the sales tax increase phasing out December 31, 2016.

Total unrestricted general fund expenditures are also down approximately \$1.1 million compared to the 2015-2016 final budget. The primary reasons are a significant reduction in one-time funding augmentations totaling over \$1 million, however full-time employee salaries and benefits have increased approximately \$600 thousand due to collective bargaining, increases in pension rates and \$280,000 for the restatement of the personnel commission.

Other notable variances:

- 1. Site improvements is down significantly from our 2015-16 final budget because \$500K was budgeted for Cosmetology which we did not have to use and \$200K

for site improvements. The 2016-17 tentative budget only has \$50,000 for site improvements for the Molina facility. With the increase amount of instructional materials and schedule maintenance funds; site improvements will be funded from schedule maintenance funds.

2. Library books is at zero due to the increase amount of instructional materials and schedule maintenance funds; library books will be funded from instructional material funds.
3. Equipment in the tentative budget has decreased since it only reflects non-instructional equipment. All instructional equipment including cosmetology will be funded from instructional materials funds.
4. Debt service is down because we are not contributing additional funds over the \$1.29 million debt payment.
5. Interfund transfers is down \$700K because the 2015-16 budget included \$500K for STRS/PERS and \$200K for the Line of Credit. This year no \$500K (which was from one-time funds) and we redirected our \$200K Line of Credit to our STRS/PERS Trust contribution (approved by PBC), which is recorded within our STRS/PERS benefit accounts.
6. The 2016-17 Tentative Budget does not reflect any of the budget augmentation/enhancement requests. This budget augmentation/enhancement requests will be presented to PBC at the next meeting. Budget augmentation/enhancement requests will be reflected in the Final Budget, but only if there are available funds.

Finally, the 2016-2017 Tentative Budget for the unrestricted general fund reserve of approximately 25 percent remains in compliance with board policy 6200 Budget Preparation of a minimum 10 percent.

Mr. Haigler stated that if we look at the budget it includes:

- Adjusted Beginning Balance July 1 - \$9,773,000
- Revenues - \$36,758,169
- Academic Salaries - \$14,583,572
- Classified Salaries - \$6,999,470
- Staff Benefits - \$7,206,851
- Books, Supplies and Materials - \$658,033, which is approximately a \$500,000 less than last year.
- Contract Services and Operating Expenses (includes Police & Safety Contracts) - \$5,770,461
- Capital Outlay - \$262,330
- Other Outgo - \$1,737,420
- Total Expenses – \$37,218,137

Mr. Haigler stated that the difference between the revenue and expenses is a deficit of \$459,968. Dr. Murray asked if Mr. Lopez was going to balance the budget or did he want the PBC to make recommendations. Mr. Haigler stated that Mr. Lopez would like the PBC to make recommendations. Mr. Haigler mentioned that Mr. Lopez indicated that he has not received any questions or comments from the last meeting and that he was looking for recommendations today. Ms. Perez indicated that the recommendations would be for the final budget.

Mr. Haigler asked that the group look at discretionary spending, salaries, and benefits. He indicated that debt service types were not discretionary. He indicated that the easiest way is to address the 4000 and 5000 object codes as being discretionary. However, the limitations of the 5000 object code are contracts and you cannot do anything about reducing contracts, but you can reduce things that are not contracts. Ms. Perez stated that we are not deficit spending, we are deficit budgeting. So, the question is where we are not spending money - those are the areas that we target for cut backs.

Mr. Haigler indicated that as we move closer to the end of June, we will have our actuals for the 2015-2016 fiscal year. We are projecting that we will be closed by the first week of August 2016 and that would be a good time to look for cuts right away. He stated that there are some areas and if we take part of the budget and compare it to the current year budget in the discretionary areas starting with the 4000 object code – Books, Supplies and Materials, you could look at each line item, and the ones that increased, question those items. Mr. Simmons mentioned that Ms. Perez had a question about STRS and wanted to know if the number was correct. Mr. Haigler stated that he mentioned it to Mr. Lopez who indicated that the number was correct.

Dr. Osanyinpeju stated that based on the presentation, we are certain that we cannot go into deficit. He indicated that the committee needs to provide a recommendation that we agree not to go into deficit budgeting and asked if anyone had any objections. Dr. Murray clarified that the committee was voting to make a recommendation to the Consultative Council and asked if we had to do that. Dr. Osanyinpeju replied “yes.” Dr. Murray clarified that we recommend, per the memorandum that we fix the deficit spending. Mr. Simmons stated that he was confused. He looked at the uncommitted fund balance and it appears that the reserve is going up and the revenue was reduced. Mr. Haigler stated that the revenues and expenses are the only thing that would indicate deficit spending and if we use the reserve, you are spending more than what is brought in and that is deficit spending. Ms. Perez stated that it is one thing if an emergency comes up and you dip into the reserve, but to use it for the day to day operations, it is considered deficit spending.

Dr. Osanyinpeju stated that in addition to yes, we will not deficit spend we also support to look into areas of reduction that would be incorporated into the final

budget. Dr. Murray moved the motion, Ms. Delgado seconded the motion. The vote was 5 in favor, 0 opposed, and 0 abstentions. The motion passed.

IV. Adjournment - The meeting adjourned at 2:45 pm.