



PLANNING & BUDGET COMMITTEE (PBC) MEETING
Compton Community College District
June 9, 2015 – 2:00 pm – 3:30 pm
Board Room

MEMBERS PRESENT

Trish Bonacic Dr. Billie Moore LaVetta Johnson Nancy Sepulveda
 Dr. Rodney Murray Miguel Ornelas David Simmons
 Carmela Aguilar Dr. Jose Villalobos

OTHERS ATTENDING: Felipe Lopez, Barbara Perez, and Eric Mendoza

Handouts

- 2015-2016 Preliminary Budget Assumptions
- 2015-2016 Tentative Budget

I. Call to Order

The meeting was called to order at 2:07 p.m. by Trish Bonacic.

II. Approval of Minutes

The minutes of April 28, 2015 and May 26, 2015 were deferred until the next meeting, as there was no quorum.

III. Budget Assumptions

Mr. Lopez provided a copy of the 2015-2016 Preliminary Budget Assumptions. He stated that the Tentative Budget reflects information available at this time from the California Community Colleges Chancellor's Office and Governor's 2015 May Revision Budget. It is anticipated that additional adjustments may be required as more information becomes available.

Dr. Murray asked if Proposition 30 will be extended. Mr. Lopez indicated that there was some mention of it on Friday when he was in Sacramento. However, it was not good news for the system. We are in a much different situation than when Proposition 30 was originally passed. All Districts were having major cuts and reductions in classes but this is no longer the case. Mr. Lopez stated that now things appear to be moving forward and it does not seem necessary to have taxpayers continue to fund education with this tax. He stated that the first phase of the closeout

for Proposition 30 will begin at the end of 2016 and there will be full closeout in 2018. This means the state will have to supplement the void that was paid with a combination of sales tax and state income tax. Basically Proposition 30 traded money from the taxpayer pockets to the general fund. Moving forward it is a question of who is going to be able to pay us. Mr. Lopez stated that is it his belief that Proposition 30 will not be extended and that the state will have to fund us at our current level. However, we will lose out on potential growth because they will not have enough funding to go around. We will also lose out on other programs and one time funding will go away. Governor Brown has authorized a lot of one time funding.

- A. Projected beginning balance: \$5,984,383.
- B. Estimated local, state and other revenue: \$36,684,401
- C. Estimated Education Protection Account (Prop 30) funds to be used entirely for instructional salaries: \$5,476,160.
- D. Estimated funds for increased operating expenses including annual pension benefit expense increase (PERS & STRS), retirement benefits, professional development, facilities, and other general operating expense: \$1.3 million.
- E. Reserve for contingency and ending fund balance: \$6,390,113 of budgeted expenditures.
- F. The Compton Center will begin the fiscal year with approximately 800 FTES below its base apportionment. This reduction in base FTES equates to \$3.7 million in less General State Apportionment. The Budget's General State Apportionment is in alignment with the Compton Center generating 5,860 FTES which leaves approximately 200 FTES below its base apportionment. - Mr. Lopez stated that we did not meet our goal of 6060 FTES even with borrowing from the summer. We are going to end the year with 5200 FTES which is an 800 FTES difference. So, essentially that places us into stability funding status. We will have three years to grow back to the original base of 6060 FTES and if we do that our current base funding will not change. However, if we fail to grow back to the 6060 FTES level, we will have a new adjusted base going forward. If the state allows growth, we can grow beyond that base if we have potential growth. So, going into the budget year our decision is therefore to not borrow anything and not start in a hole next year. Everything this summer will go into the next fiscal year and that lowers us from 6060 FTES to 5200 FTES, which is what we attained. If we were able to put in what we borrowed from last year back into this year we would approximately be at 5700 FTES. He stated that if we can make the 5860 FTES on which our budget is based on, we can recoup all but 200 FTES below the base.

Dr. Villalobos sought confirmation that the District will be funded at 5200 FTES for 2015-2016 fiscal year. Mr. Lopez reiterated that we will start the 2015-2016 budget with 5200 FTES and end the year at 5860 based on the projections. Ms. Perez stated that if you take what we have earned over the last two years in summer it will take us to 5860 FTES and that is why we made the decision to go to stability. Our decision is therefore to not borrow anything and not start in a hole next year. Everything this summer will go into the next fiscal year and that lowers us from 6060 FTES to 5200 FTES, which is what we attained.

- Mr. Lopez mentioned that we have three years to grow before the number is locked in and once it is locked in we are only allowed to grow based on what the state says was our FTES in 2015-2016. For every 200 FTES we fall short of our target, we will experience a \$950,000 decrease in general apportionment funding.
- G. Offering 1,500 sections in the 2015-2016.
 - H. Cost of Living Adjustment (COLA) funding adjusted down from 1.58 % to 1.02% or \$47.69 credit FTES equates to approximately \$311,000 based on 5,860 FTES.
 - I. Budget for the GASB “pay as you go” costs for Retiree Benefits: \$442,000.
 - J. Budget for the PARS Retirement Payment: \$109,842. The total remaining district liability for participating in PARS is: \$109,842.
 - K. Project Public Employee Retirement System (PERS) contributions increased to 11.847% and State Teachers Employee Retirement System (STRS) increased to 10.73%. – Mr. Simmons asked if there will be an early retirement incentive. Mr. Lopez replied no.
 - L. Budget for projected utilities increase of 2.0% or a total cost of \$1,142,000.
 - M. Budget all step and column increases of approximately \$200,000.
 - N. Budget includes no new employee positions.
 - O. Budget for the Vice President of El Camino College Compton Center (\$160,000, including benefits) and the Information Technology Supervisor (\$143,000 including benefits) positions.
 - P. Budget for line of credit debt expense (\$1,292,420). – Mr. Lopez stated that the District is looking to refinance the line of credit. They are looking at two different options. The first is outside the Chancellor’s Office, meaning private placement or paying off the state completely and having our own debt on the books. The other option would be refinancing directly with the state. We need to see what is most cost beneficial to us. He stated that interest rates will likely begin to pick-up in September and we would like to do this prior to September to get the best deal to lower our debt payment.
 - Q. Budget for the Police Services Contract with El Camino College (\$1,400,000).
 - R. Budget for Other Postemployment Benefit (OPEB) contribution of (\$250,000).
 - S. Budget for the following one-time Augmentations/Enhancements (\$700,000):
 - a. Enrollment Management Plan (\$100,000) – Mr. Lopez stated that the Enrollment Management Committee is developing a plan to present to this committee.
 - b. One-Time Planning Augmentations (\$50,000)
 - c. Budget Enhancements (\$50,000) - Mr. Lopez mentioned that he had sent out a Budget Enhancement and Augmentation form for the departments to fill out. He will be reviewing those and sharing them with the PBC for funding up to the limit. The budget enhancements and augmentations will be incorporated into the final budget.
 - d. Site-Improvements – Cosmetology Program (\$500,000) - Mr. Lopez mentioned that he placed on the upcoming Board agenda the lease agreement with the City of Compton to secure the off campus site for the Cosmetology Program. He stated that the lease is for approximately 10 years for \$1 per year.
 - T. Unrestricted Budget includes the following interfund transfers:
 - a. Transfer \$200,000 to the Line of Credit Fund for expenses from the 2009-2010 fiscal year. Total amount due to the line of credit is \$2,000,000. After

the transfer the remaining amount due to the line of credit fund will be \$1,400,000.

- b. Transfer \$396,000 to the Property & Liability Fund.

2015-2016 Tentative Budget General Fund Unrestricted 01

Mr. Lopez provided a copy of the 2015-2016 Preliminary Budget Assumptions.

Page 3 – General Fund Unrestricted – Federal & State Revenue

- Beginning Fund Balance - \$5,984,383
- 8610 Principal Apportionment \$20,529,277
- Education Protection Account Funds - \$5,476,160
- 8610 Lottery Funds - \$763,560
- Mandated Cost Claims - \$2,880,000 Mr. Lopez stated that this is one-time funding.
- Total State Revenue - \$31,020,763

Page 4 – General Fund Unrestricted – Local Revenue

Mr. Lopez stated that under local revenue the bulk of the money comes from property taxes.

- Enrollment Fees - \$854,250.
- Transcript Fees- \$4,200
- Non-Resident Tuition - \$52,500
- Total Revenue – All Sources - \$36,302,401

Pages 5 and 6– General Fund Unrestricted - Expenditures

Academic Salaries

1100 Regular Schedule, Teaching (Certificated Managers and Faculty) - \$6,507,272

1200 Regular Schedule, Non-Teaching - \$2,739,034

1300 Other Schedule, Teaching - \$4,060,580

1400 Other Schedule, Non-Teaching - \$401,779,

Total Academic Salaries - \$13,708,665. Mr. Lopez stated that footnote “h and i” means no new positions for this budget, which is in line with our five year freeze on additional employees. Mr. Simmons mentioned that on the May 19, 2015 Board Agenda, the District approved a new position to replace Art Smith. He stated that it was not Mr. Smith’s position but a new position with a 15 percent raise. Mr. Lopez indicated that it would be difficult to hire someone at the current rate. He stated that the needs of the Print Shop are changing. We are planning to have an on-line service for the Print Shop.

Mr. Simmons indicated that when hiring new staff the District could create/introduce the new position as a Coordinator or Supervisor in order to offer more money. Mr. Lopez stated that the job description is changing and new duties have been added. Mr. Simmons stated that the duties were the same as he had seen before. Mr. Lopez stated that he could not vouch for the previous time but there will be a new system coming on-line where all of the printing will be done on-line and digitally. Ms. Perez stated that before one would send a document to Mr. Smith and he would open the document and print it. Now the document will go directly to the printer. Mr. Lopez stated that the position should be technical enough to utilize the system and technology that we are bringing forward. Mr. Smith’s

position will be eliminated and a new position created in its place. Mr. Simmons implied that this compensation and title should be given to Mr. Smith now but Mr. Lopez responded that he is retiring. Mr. Simmons indicated that there is a position freeze and then new positions are created giving a new person a raise. He asked if the new person who will be taking over Laura Atchison's position will also be given a raise. Ms. Perez replied no, as the position is still Administrative Assistant, with no changes. Mr. Simmons stated that he has seen where management has gone through the back door with no raises across the board but has done separate reclassification study or found an alternative way to give selective raises.

Staff Benefits.

- Total Staff Benefits - \$6,829,266

Books, Supplies and Materials

- Total Books, Supplies and Materials - \$663,623

Page 6 - Contract Services and Operating Expenses

- 5100 Contract for Personal Services \$2,176,820. Mr. Lopez stated that included in this amount is the Police Services contract.
- 5500 Utilities and Housekeeping Services \$1,142,000. Mr. Lopez stated that at the end of the year the Allied Health Building will be coming on-line, bringing us an energy efficient building and the demolition of other buildings.
- 5700 Legal, Election, and Audit Expenses \$307,500. Mr. Lopez stated that there is a slight increase in this year's budget, as we will have seats up for election in November 2015.
- Total Contract Services and Operating Expenses - \$5,491,677

Capital Outlay

- 6100 Site Improvements \$500,000 for Cosmetology
- 6300 Library Books \$50,000
- 6400 Equipment \$200,415 - Mr. Lopez stated that last year we had an equipment refresh, moving from XP to Windows 7 and that is why there is a decrease from \$922,572 to \$200,415
- Total Capital Outlay - \$750,415

Other Outgo

- 7100 Debt Retirement \$1,300,000
- 7300 Interfund Transfer \$596,000
- 7600 Other Student Aid \$65,000
- Total Other Outgo - \$1,961,000
- Total Ending Balance/Reserves - \$6,390,113

Pages 7 and 8 – General Fund Restricted – Federal, State, & Local Revenue - Mr. Lopez indicated that this fund will change throughout the year as new revenue comes in or as the programs reallocate funds.

Federal Revenue

- 8120 TRIO –Upward Bound Math/Science

- 8140 TANF (6405) \$105,374
- 8190 DPSS (6408) \$128,799 - Mr. Lopez indicated that this is a federal grant and gets past through to us from Los Angeles County.
- 8190 Foster & Kinship Care Ed \$65,082
- 8190 Summer Food Services Program (3401) \$6,856
- 8190 YESS ILP Grant (6411) \$22,500

State Revenue

- 8620 Foster Care Education \$65,082
- 8620 Student Success & Support Programs (6250) \$1,030,349
- 8620 Student Equity (1006) \$601,975
- 8680 Lottery – Restricted \$190,000
- 8690 Special Trustee AB 318 Restricted \$400,000
- 8690 YESS ILP Grant (6411) \$22,500

Local Revenue

- 8840 Auxiliary Services - Commissions \$12,500 – Mr. Lopez stated that, as part of our policy, all of the commission that is collected in relation to our Bookstore, vending machines, and food services is allocated out as follows: 50% to ASB, 25% to the Foundation for Scholarships, and the other 25% to Auxiliary Services.
- 8881 Parking Services Fees (8080-85) Permits & Citations \$170,000 – Mr. Simmons asked if the parking machines were making money. Mr. Lopez responded they were making money.

Pages 9 and 10 – General Fund Restricted – Expenses – Mr. Lopez stated that these pages are the expenses related to the particular programs.

Pages 11 and 12 – Line of Credit – Mr. Lopez indicated that nothing was budgeted in the Line of Credit. However, on page 11, under FY 2015-2016 the interfund transfer should be \$200,000 and stated that nothing was coming out.

Pages 13 and 14 – Capital Outlay Projects Income & Expenditures – Mr. Lopez indicated that these are all state funded projects.

- 8618 Proposition 39 Energy Conservation/Upgrades \$ 202,000
- 8651 Comm. College Construction Inst. Bldg. #1 \$782,000
- 8651 Comm. College Construction Allied Health \$4,094,944 – On going
- 8651 Comm. College Construction Infrastructure I – Completed
- 8651 Comm. College Construction Infrastructure II – On going
- Scheduled Maintenance Program - \$500,000

Pages 15 and 16 – General Obligation Bond Fund A & B – Fund 42 Income & Expenditures

- Ending Balance/Reserves \$2,305,852 - Mr. Lopez stated that the goal is to spend this fund completely down by 2015-2016 because we are subject to compliance regulations and penalties by the IRS. These funds will be utilized for the Campus Police facility, and the Football Field Renovation Project, to change out the natural turf for artificial

turf. We also will have a swing space village to build so that we can demolish the row buildings. The swing space will be located on the soccer field.

Dr. Murray asked when the Little Theater Project will be completed. Mr. Lopez responded that they were waiting to go out to bid once the attorney comes back with the agreement. Dr. Murray asked if the theater will be smaller. Ms. Perez stated that someone had taken it upon himself to illegally expand the stage and now it will revert back to its original size. He asked what the seating capacity will be. Mr. Lopez responded approximately 226. It will also include renovation of the restrooms. Mr. Simmons mentioned that water is standing on the roof.

Pages 17 and 18 – General Obligation Bond Fund Series 2012C Income & Expenditures

- Total Beginning Balance and Income \$9,528,624 - Mr. Lopez indicated that this funding is for Infrastructure 1 and 2 and Allied Health. He indicated that it must be spent during 2015-2016.

Pages 19 and 20 – General Obligation Bond Fund Series 2013D Income & Expenditures – Mr. Lopez stated that the funding for this Bond covers Structural Building Number 1, MIS Phase 2, moving the Copy Center back to the MIS building, renovation projects-- for example Math/Science and the Vocational Technology buildings-- to complete the closeout with DSA and make them functional.

The remaining budget consists of the following:

- Pages 21 – Workers’ Compensation
- Pages 22 – Property and Liability Self-Insurance
- Pages 23 and 24 – Child Development Income & Expenditures

Mr. Lopez indicated that the Tentative Budget will go to the Board for approval on Tuesday, June 16, 2015. Once approved the budget will be placed into our system, so come July 1, 2015, all departments will have the ability to spend. The next thing on the PBC agenda is to review the augmentations, prioritize them, and come up with recommendations.

Mr. Simmons asked if Keenan & Associates was still managing Workers’ Compensation. Mr. Lopez replied yes. Mr. Simmons inquired about the length of Keenan’s contract. Mr. Lopez stated that it is an annual renewal and is driven by the activity of claims.

Mr. Lopez indicated that he wanted to discuss Institutional Effectiveness and that there are some elements that the District is required to put into the planning goals for the year that are driven by the 2015-2016 Tentative Budget, such as what the ending balance would be, and five year long-term goals based on the Five Year Management Plan. The audit finding is easy as they are all unmodified (clean audits). The District’s biggest problem is linking institutional planning with budgeting. One of the things he did this year was to ask the departments fill out a worksheet to tie allocations back to planning and overarching priorities.

IV. Adjournment - The meeting adjourned at 3:05 pm.