



**PLANNING & BUDGET COMMITTEE (PBC) MEETING**  
**Compton Community College District**  
**August 25, 2015 – 2:00 pm – 3:00 pm**  
**Board Room**

**MEMBERS PRESENT**

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

**OTHERS ATTENDING:** Felipe Lopez

Handouts

- 2015-2016 Preliminary Budget Assumptions
- 2015-2016 Tentative Budget
- One-Time Funds Breakdown Spreadsheets

I. Call to Order

The meeting was called to order at 2:15 p.m. by Dr. Rodney Murray.

II. Approval of Minutes

The minutes of April 28, 2015, May 26, 2015, June 9, 2015, July 28, 2015, and August 18, 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 he would go over the changes between the Tentative Budget and the final budget. He mentioned that the books were officially closed for fiscal year 2014-2015.

- A. Unaudited beginning balance: \$9,330,000. Dr. Villalobos asked what did unaudited mean. Mr. Lopez replied that once the books closed that had to be audited. The audit is due to the state by December 31, 2015. The auditors are scheduled to come in October
- B. Estimated local, state and other revenue: \$36,302,401
  - a. Estimated Education Protection Account (Prop 30) funds to be used entirely for instructional salaries: \$5,836,277.
  - b. Estimated funds for increased operating expenses including annual pension

benefit expense increase (PERS & STRS), retirement benefits, professional development, facilities, and other general operating expense: \$1,360,000.

- c. Estimated one-time funds include the following:
  - i. \$3,200,000 for mandated reimbursements which includes deferred maintenance and instructional equipment.
  - ii. Elimination of system deferrals which will improve District cash flow by approximately \$330,000.
- C. Reserve for contingency and ending fund balance: \$8,862,000 of budgeted expenditures.
- D. The 2015-2016 general apportionment revenue for the Compton Center is based on 5216 FTES, which is approximately 800 FTES below the general apportionment from 2014-2015 fiscal year. This represents a \$3.7 million reduction in general apportionment from 2014-2015 fiscal year. However, the 2015-2016 Compton Center Budget is developed to achieve 5,860 FTES. Dr. Villalobos asked how stability will play a part in this. Mr. Lopez stated that the Budget's General State Apportionment is in alignment with the District generating 5,860 FTES, which will leave us approximately 200 FTES below our base apportionment. 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. 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.

Mr. Lopez stated that there are three different ways the District is hoping to gain FTES: 1) Early College, 2) Cosmetology (which we are planning to get on-line in the fall 2016, and 3) the Fire Academy. Ms. Aguilar inquired about AB104. Dr. Murray stated that it is an Adult Incentive program, where we will be working with high schools. Mr. Lopez indicated that enrollment in the community colleges is down state-wide. Ms. Aguilar mentioned that the winter session is coming back next fall and stated that it should help. Dr. Villalobos asked how enrollment during the summer session was. Mr. Lopez indicated that it was down according to Ms. Perez's presentation at the last Board meeting. He indicated that our numbers are nine percent less than a year ago.

- E. Offering 1,500 course sections in 2015-2016 academic year.
- F. Cost of Living Adjustment (COLA) funding of 1.02% or \$47.69 credit FTES equates to approximately \$311,000 based on 5,860 FTES.
- G. Budget for the GASB "pay as you go" costs for Retiree Benefits: \$442,000. – No change.
- H. Budget for the PARS Retirement Payment: \$109,842. The total remaining district liability for participating in PARS is: \$109,842. – No change.
- I. Project Public Employee Retirement System (PERS) contributions increased to 11.847% and State Teachers Employee Retirement System (STRS) increased to 10.73%. – No change.
- J. Budget for projected utilities increase of 2.0% or a total cost of \$1,142,000. – No change.

- K. Budget all step and column increases of approximately \$200,000. – No change.
- L. Budget includes hiring four faculty positions funded by new full-time faculty apportionment. Mr. Lopez stated that we received money from the state and it is earmarked specifically for new faculty hires. The District will receive an additional \$380,000 earmarked for new faculty hires. Dr. Murray asked what would happen if we do not hire the four new faculty members. Mr. Lopez stated that we would be penalized. Dr. Murray asked if the additional funding could be placed on the salary schedule. Mr. Lopez replied “no,” that the Chancellor’s Office indicates how many we have to hire and the funding amount. The calculations is based on the Faculty Obligation Number (FON) and 75/25 ratio.
- M. Budget for the Vice President of El Camino College Compton Center (\$160,000, including benefits) and the Information Technology Supervisor (\$143,000 including benefits) - No change.
- N. Budget for line of credit debt expense (\$1,500,000). Mr. Lopez stated that this increased by \$200,000 with one-time funds to pay down the long-term debt.
- O. Budget for the Police Services Contract with El Camino College (\$1,435,000). Mr. Lopez stated that there was a slight increase of \$35,000 to absorb salary costs. In the future the District will need to look into getting new police cars. Ms. Perez asked if anyone knew that the police vests have an expiration date. Some committee members replied yes. Dr. Murray stated that the vests only last four years.
- P. Budget for Other Postemployment Benefit (OPEB) contribution of (\$750,000).
- Q. Budget for the following one-time Augmentations/Enhancements (\$950,000):
  - a. Enrollment Management Plan (\$100,000)
  - b. One-Time Planning Augmentations (\$100,000)
  - c. Budget Enhancements (\$50,000)
  - d. Site-Improvements (\$700,000)
    - i. Cosmetology Program (\$500,000)
    - ii. District Wide Improvements (\$200,000). Mr. Lopez mentioned that he added an additional \$200,000 for the campus. Ms. Perez asked how much the District will receive. Mr. Lopez replied a little less for Instructional Equipment/Scheduled Maintenance. He stated that last year we received \$800,000 which was broken down to \$300,000 for Instructional Equipment and \$500,000 for Scheduled Maintenance. He stated this year we will receive \$300,000 for Instructional Equipment and the difference in Scheduled Maintenance. He mentioned that the state will only allow us to use Scheduled Maintenance dollars for certain purposes.
- R. 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.
  - c. Transfer \$500,000 to a new established PERS/STRS Pension Fund to reserve for future pension obligations. – Added (new).

#### IV. 2015-2016 Tentative Budget General Fund Unrestricted 01

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

##### Page 1 – General Fund Unrestricted – Fund 01 Revenue

- Adjusted Beginning Balance - \$9,333,842
- Total State Revenue - \$31,940,250. Mr. Lopez stated that notes for “a” through “h” could be found on page 5.

##### Page 2 – General Fund Unrestricted – Fund 01 Local Revenue

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

- 8874 Enrollment Fees - \$854,530
- 8880 Non-Resident Tuition - \$107,660
- 8885 Non-Resident Tuition-Foreign - \$100,000
- Total Local Revenue –\$5,612,637

##### Page 3 – General Fund Unrestricted - Fund 01 Expenditures

###### *Academic Salaries*

1100 Regular Schedule, Teaching (Certificated Managers and Faculty) - \$6,764,776

- Mr. Lopez stated that footnote “i” includes four new faculty positions per budget assumptions.

###### *Classified Salaries*

- 2100 Full Time - \$5,210,700. Mr. Lopez stated that footnote “j” means no new non-faculty positions per budget assumptions.
- 2300 Student Help, Hourly and Overtime – \$604,607. Mr. Lopez stated that footnote “n” is for Enrollment Management - \$100,000 for student workers. He stated that this is where he placed the \$100,000 one-time funding.

###### *Staff Benefits.*

- 3400 Health and Welfare – Medical - \$3,698,430. Mr. Lopez stated that footnote “k” includes \$750,000 for OPEB trust contribution per budget assumptions.

###### *Books, Supplies and Materials*

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

##### Page 4 – General Fund Unrestricted - Fund 01 Expenditures

###### *Contract Services and Operating Expenses*

- 5900 Miscellaneous \$293,146 - Mr. Lopez stated that footnote “l” is where he placed all the other budget augmentations/enhancements per budget assumptions. It includes \$100,000 for a one-time funding allocation and \$50,000 to fund budget augmentations/enhancements per budget assumptions. He placed all the other budget augmentations as a holding account and once they are approved they will be allocated to the appropriate object code and the amount will decrease.

*Capital Outlay*

- 6100 Site Improvements \$700,000. Mr. Lopez stated that footnote “m” includes \$500,000 for site improvements for the Cosmetology Program and \$200,000 for campus wide improvements. Ms. Aguilar asked what the \$200,000 would cover. Mr. Lopez stated that the \$200,000 will cover various things based on program reviews, program plans and whatever high priority items there are based on prioritization. For example, repair of restrooms, roofs, and the HVAC systems. He mentioned that we will have to start cutting back on our water usage.

*Other Outgo*

- Total Other Outgo - \$2,661,000.

Dr. Villalobos sought confirmation of the \$3,200,000. Mr. Lopez provided a handout detailing how the monies would be spent. He stated that the \$3.2 million represents previous year Mandated Cost Claims:

▪ Reduction of FTES (800 FTES)	\$3,700,000
▪ Gaining back FTES (600 FTES) - Offset (Item D of the budget assumptions)	(2,775,000)
▪ Established new PERS/STRS Pension Fund (Item R of the budget assumptions)	500,000
▪ One-time Augmentations/Enhancements (Item Q of the budget assumptions)	950,000
▪ Additional line of credit payment (Item N of the budget assumptions)	200,000
▪ Additional OPEB contribution (Item P of the budget assumptions)	500,000
Total Use of One-Time Funds	3,075,000
Difference	125,000

- Mr. Lopez stated that the District is being funded on what we actually report and earn.
- Dr. Villalobos inquired about the one-time augmentations/enhancements. Mr. Lopez responded that every year one-time items are funded. For example, traditionally, Enrollment Management is funded. He indicated that there is always a need for certain departments to increase their budgets. The departments are required to submit a request.
- Mr. Simmons asked if additional sections were being opened in the impacted areas. Ms. Perez stated that they are, as much as possible.
- Mr. Lopez stated that the budget is scheduled to go to the Board for approval on September 8, 2015.

IV. Adjournment - The meeting adjourned at 3:10 pm.