



PLANNING & BUDGET COMMITTEE (PBC) MEETING
Compton Community College District
August 26, 2014 – 2:00 pm – 3:00 pm
Board Room

MEMBERS PRESENT

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

OTHERS ATTENDING: Felipe Lopez, Barbara Perez, Dr. Phillip Humphreys, Richette Bell, and Armando Ruiz

Handouts

- 2014-2015 Final Budget Assumptions
- 2014-2015 Final Budget General Fund Unrestricted – Fund 01

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 August 12, 2014 were approved: Dr. Murray, Ms. Navarro (moved/seconded). The motion passed unanimously.

III. **Committee Reports** – None

IV. **2014-2015 Final Budget Assumptions**

Mr. Lopez provided a presentation of the 2014-2015 Final Budget Assumptions. A question and answer session followed.

Basic Revenue and Expense Assumptions:

- ❖ Beginning Balance - \$8.168M
- ❖ Estimated State Apportionment - \$32.2M
 - \$22.2M – State Reserve
- ❖ Education Protection Account (EPA) to be spent on instructional salaries only
- ❖ Revenues based on 6,060 FTES (1,600 Course Section.) Must generate 6,560 FTE to break even. Dr. Priest asked if the 6,560 makeup figure included the 500 FTES we borrowed from summer 2014. Mr. Lopez replied, yes. It is based on “no growth;” we have to generate 6,560 to break even. The goal is to grow three percent. Ms. Navarro asked what session did the District borrow from. Mr. Lopez replied from summer 2014.

- ❖ Cost of Living Adjustment (COLA) Adjustment of 0.85% or \$39.41 credit per FTES – *No change.*
- ❖ Eleven Replacement Faculty Positions: 9 are new and 2 are replacements. – No changes
 - Art
 - English – Two Positions
 - Human Development
 - Machine Tool Technology
 - Mathematics – Two Positions
 - Nursing
 - Welding
 - Replacement faculty – Two Positions – *This line was added.*
- ❖ Four New Non-Faculty Positions:
 - Accountant
 - Instructional Associate
 - Lab Technician
 - *Evaluator - New*
- ❖ Increase Employee Retirement Systems
 - State Teachers Retirement System (CALSTRS) increased from 8.25 % to 8.88%, and will subsequently increase annually to 19.1%. Dr. Moore asked Mr. Lopez to explain. Mr. Lopez responded that CALSTRS came out with a report with regards to funding needs. The State stepped in and starting with the 2015 budget, there is an adopted payment plan to get the CALSTRS fund fully funded. Between 2015 and 2021 the District's portion of contribution will significantly increase, 1.63 per annum.
 - Public Employee Retirement System (CALPERS) increased from 11.442% to 11.771%. Dr. Murray inquired about the maximum rate for the employee. Ms. Perez responded 10.25 percent. Mr. Lopez replied that the employee's contribution will stop at that point but the District's contribution will continue until the year 2021. He stated that PERS contributions are based on an actuarial study that is done on an annual basis.
- ❖ One-Time Expenses (1,010,000):
 - Technology Plan (\$750,000) it was \$50,000. The increase is for the new technology equipment. Mr. Lopez stated that at the next Board meeting they will be bringing a contract to implement a District-wide system upgrade. Currently, the majority of the computers are running on Windows XP, which is no longer supported by Microsoft.
 - Enrollment Management Plan (\$100,000)
 - One-Time Planning Allocations (\$50,000)
 - Site Improvements (\$110,000)
- ❖ Police Services Contract - \$1.4M – *No change*
- ❖ Other Postemployment Benefit (OPEB) Contribution - \$250,000 – *No change.* Mr. Lopez mentioned that the District is required to disclose how well the fund is doing and provide an annual report. There is an OPEB website where the monthly statements can be viewed. The meetings are held quarterly and the minutes are posted on the website. Mr. Lopez stated that the District is on track to make its annual contribution.
- ❖ Interfund Transfers - \$670,000: - *No change*
- ❖ Faculty and Non-Faculty Positions (*New*) do to the large influx of Student Success and Support Program (SSSP) funds the District is able to add additional positions under categorical programs.
 - General Counselor

- Categorical Funded Program Technician
- Research Analyst
- Student Services Advisor
- ❖ Other Items Restricted/Capital Outlay Funds
 - One-Time Funding for Scheduled Maintenance and \$800K Instructional Equipment: Mr. Lopez stated that \$300,000 will go towards instructional equipment, \$500,000 for Scheduled Maintenance. The state mandates the projects we get to choose from. It can include HVAC upgrades, roof repairs, flooring, doors, and locks, which are already included in our plan. Scheduled Maintenance also includes fixing some of our leaking buildings, which include the gym and row buildings; doors that are malfunctioning; boilers, and heating. Dr. Moore commented that she did not have air conditioning in room C-39. Ms. Johnson asked if it included any offices in the C-row. She would like some air in her office. Ms. Perez stated that an assessment of both the Vocational Technology and Math-Science buildings of the audio visual equipment installed in the 1990's indicates the need for equipment replacement in both buildings.

V. 2014-2015 Final Budget General Fund Unrestricted – Fund 01

Mr. Lopez provided a presentation of the 2014-2015 Final Budget. A question and answer session followed. Mr. Lopez stated he would begin with the Budget Assumptions and go through the entire budget book, however he would not go through every single page in detail: First is the Table of Contents; the CEO's letter; budget summary information from the adopted state budget; and financial and budget policies. He stated that it would be available for inspection in the CEO's office this evening. There is also a summary from the Planning and Budget Committee.

Page 10 – Revenue General Fund Unrestricted – Fund 01

- Beginning Balance - \$8.1M
- Other Federal Revenue - \$0
- Total State Revenue - \$28.1M
- Notes to Revenue “a” through “e” are on page 13-a.

Page 11 – Revenue General Fund Unrestricted – Fund 01

- Total Local Revenue - \$5.1M
- Total Revenue – All Sources - \$33.2M

Page 12 - Expenditures General Fund Unrestricted – Fund 01

- Total Academic Salaries - \$13.6M
- Total Classified Salaries - \$6.4M
- Health and Welfare – Medical - \$2.7M
- Total Staff Benefits - \$6.2M
- Total Books, Supplies and Materials - \$572K

Page 13 - Expenditures General Fund Unrestricted – Fund 01

- Total Contract Services and Operating Expenses - \$5.2M. Mr. Lopez stated that someone had inquired about miscellaneous expenses. He stated that the miscellaneous

expenses are:

- a. Institutional return of funds for Title IV, a program the District has under El Camino, in which we over awarded students based on their award amounts--federal dollars have to be returned to the federal government. - \$60K
- b. One-time planning allocations - \$50K
- c. Fiscal Operations of assessment and penalties fees - \$10K
 - Dr. Moore asked why the 3900 object code for retiree benefits increased so much. Mr. Lopez stated that the amount come from the actuarial study. Dr. Moore replied that the numbers are a nebulous projection and \$699,330 is absurd. Mr. Lopez indicated that the number comes from a report that is done every two years calculating total compensation for the next 30 years. Dr. Moore wanted to know why it was not like that in prior years. Mr. Lopez stated that he did not know.
 - Dr. Murray asked if this was based on current retirees. Mr. Lopez replied yes and on those who would be eligible for retirement.
 - Dr. Moore felt that it should not be presented in the budget this way.
 - Dr. Priest inquired if the number was for 30 years. Mr. Lopez replied no, that it was an annual amount. Dr. Moore stated that the number could not be annual and it should not appear in the budget, projected or not. She stated it did not happen in 2012-2013 or 2013-2014, and then jumps significantly to approximately ten times the amount. Ms. Perez stated that the 2013-2014 figure was not correct because there were more retirees. What was paid out this year could not have been less, because we did not have that many people die. Mr. Lopez stated that what could be confusing is that retirees are classified in two different areas. The retirees are classified under the 3900 object code and under 3400 object code for health and welfare. The number he used-- \$699,000-- is the total amount for both. It is likely that in previous years this item was allocated between the two. Dr. Moore stated it should be under the correct object code and not presented as a total amount under the 3900 object code. Mr. Lopez stated that the actuarial report provides a lump sum. He stated that the amount of the retirees between object codes 3400 and 3900 for 2014 is approximately \$580,000 and is allocated between two object codes.
 - Mr. Simmons stated that he found the actuarial study to prefund the retirement. It is not the actual cost, but a prefund based on the next 23 years. Mr. Lopez stated that he has to make sure he is looking at the right schedule. Mr. Simmons stated that the District is pre-funding retirement based over the next 23 years.
- Total Capital Outlay - \$1M – increase in equipment and from the tentative budget of an additional \$700,000.
- Other Outgo
 - a. Debt Retirement - \$1.3M
 - b. Interfund Transfer - \$670K
 - c. Other Student Aid - \$65K
 - d. Total Other Outgo - \$2M
 - Dr. Moore asked if the debt retirement was being negotiated with the state. Ms. Perez stated that there was an attempt to refinance and the state responded no. Dr. Moore mentioned that San Francisco was not indebted that way. Ms. Perez indicated that San Francisco passed a parcel tax where the community agreed for the next five years to pay and give them approximately \$25 million per year added to their budget. So, San Francisco did not have to request the money. She stated that Compton received a loan similar to Peralta. The state did not forgive the loan to Peralta or Compton Unified and we also have to pay the loan back. She stated that there was an attempt to lower the interest rate and refinance the payment but the Department of Finance responded no. Mr. Lopez stated that it is tricky because

the way we were funded was different then how they funded K-12. K-12 received \$30 million up front whether they needed it or not. However, we had to draw the money down based on need. The state did not want us to refinance because it could trigger other issues.

- Ms. Aguilar and Dr. Moore asked Mr. Lopez if he was going through the entire budget and if this was needed for Board approval. Mr. Lopez replied yes and it will go to the Board on September 9, 2014. Dr. Moore suggested scheduling another meeting, as she wanted the opportunity to list her questions and concerns rather than quickly going through it and not being 100 percent confident. Ms. Perez stated that the budget has changed very little from the tentative budget which went to the Board in June 2014 and was presented to this committee multiple times. She indicated it had been out in the public since May. The committee had the opportunity from April through August to view the budget and voice concerns. The budget was shared with the committee and the line item for retiree benefits had not changed. Ms. Perez mentioned that Mr. Lopez pointed out where the differences are and the presumption that we are going to reach three percent growth. Mr. Lopez mentioned the \$700,000 increase for equipment that was not in the tentative budget but now is in the final budget.
- Mr. Simmons asked where the \$700,000 came from and Mr. Lopez replied from the ending balance. Mr. Lopez stated the committee is welcome to email him with any additional questions and he will respond back.
- Ms. Bonacic mentioned that the changes have been brought forward on several occasions.

Mr. Simmons moved that the 2014-2015 Final Budget be approved. Dr. Priest seconded the motion with the clarification of the \$699,330 matter to be sent via email. The vote was 6 in favor, 0 opposed, 0 abstentions, and 2 absentees. The motion passed.

VI. Other Business - None

- Mr. Simmons inquired about the other handouts that were emailed.
- Dr. Priest stated that it is challenging for the faculty teaching in the summer to do some of the work that needs to be done; she asked is it possible to meet for four hours, right after graduation when the grades are due? And then have another four hour meeting closer to August instead of having one every other week? It would be a better use of everyone's time. Ms. Bonacic asked if the data would be available for us to meet. Mr. Lopez stated that the tentative budget will need to be adopted no later than June. The final budget will need to be approved by the committee no later than August. Dr. Priest then suggested the meeting should be held the Tuesday prior to Flex Day. Ms. Perez stated a meeting was necessary by the end of July or the first week in August, so if there are issues to be addressed, there is time to do so. Ms. Bonacic asked for clarification regarding the meeting during the summer. It was agreed that this would be discussed at a later date.
- Ms. Bonacic asked the committee to please review the additional attachment sent via email. She discussed the presentation that Ms. Graff had given on the Administrative and Planning Procedures for the overall Strategic Planning changes and stated she would like to take a vote on the matter at the September meeting.
- Ms. Bonacic mentioned that there will be an Enrollment Management presentation in September as well.
- Ms. Bonacic will speak with Miguel Ornelas regarding his scheduling conflict to see if we need to fill his position for the fall semester.

VII. Adjournment - The meeting adjourned at 3:18 pm.