



**PLANNING & BUDGET COMMITTEE (PBC) MEETING  
Compton Community College District  
September 1, 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, 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 2:08 p.m. by Trish Bonacic.

II. Approval of Minutes

The minutes of April 28, 2015, May 26, 2015, June 9, 2015, July 28, 2015, August 18, 2015 and August 25, 2015 were approved. Ms. Aguilar moved approval of the minutes. Dr. Villalobos seconded the motion. The motion passed unanimously.

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 question and answer session followed.

- A. Unaudited beginning balance: \$9,330,000.
- 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 the 2014-2015 fiscal year. This represents a \$3.7 million reduction in general apportionment from the 2014-2015 fiscal year. However, the 2015-2016 Compton Center Budget is designed to achieve 5,860 FTES. Mr. Lopez stated that when we ended our fiscal year in 2014-2015 our actual FTES was 5216, which is 800 FTES below our base. We will be placed on stability. This means the state will fund us at our actual base amount of 6060 and going forward the 2015-2016 budget will start at 5216 FTES. If we stay there for the entire year, we will be funded at 5216. The budget assumes that we are going to make back 600 of those 800 FTES which gets us back to 5860. We are still below our current base, but it is not as severe. It is approximately 200 FTES, which is approximately \$1 million.
  - There was an in-depth discussion regarding this issue.
- 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. – No change. Dr. Moore asked Mr. Lopez to explain Cost of Living Adjustment (COLA). Mr. Lopez stated that the state dictates whether or not if we will receive COLA. This is set by the Department of Commerce and will be the third year in a row that we have received COLA. This means if the state is paying us \$4,500 for a student last year, this year the state will pay us \$4,500 plus \$47.69 more. Ms. Aguilar stated that it says “or” and Mr. Lopez responded that it shows as a percentage and the dollar amount. Dr. Moore asked how the funds will be used. Mr. Lopez replied that it is part of the general apportionment and the overall budget, and is not earmarked for something different. It is based on us achieving 5860 FTES. If we do not achieve the 5860 FTES we will receive less.
- 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. Projected 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 four new faculty hires. The calculation is

based on the Faculty Obligation Number (FON) and 75/25 ratio. Dr. Moore asked if the funding was on-going for the four positions. Mr. Lopez replied yes.

- 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. Dr. Moore asked if this would be a new funded position. Ms. Perez replied no, that the funds that go to this position are the funds for the Executive Dean position she now holds. She mentioned that El Camino makes up the remainder of her salary. The money that is in place would fund the position of the Dean of Academic Affairs once Compton returns as a college or when she decides to retire. Dr. Moore inquired if the position will be down-graded from a Vice President to a Dean. Ms. Perez and Mr. Lopez stated that it depended on the structure.
- 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.
- P. Budget for Other Postemployment Benefit (OPEB) contribution of (\$750,000). Mr. Lopez stated that this increased from \$250,000 to \$500,000 from the tentative budget to final budget.
- 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). Mr. Lopez mentioned that \$500,000 have been earmarked for the Cosmetology Program to get it up, running, and the facility renovated. Ms. Aguilar asked if the program is held on campus would that amount still be needed? Mr. Lopez replied yes, depending on what we will need to do to the building that will be used. One of the problems that they are running into is proper ventilation for the chemicals and we will have to upgrade the HVAC system. We will also have to adjust for the additional outlets, plumbing for all the sinks, and washouts. Mr. Lopez stated that it might cost us a little more if the program is held on campus because we will be required to go through the Division of the State Architect (DSA). There are different rules and guidelines for off-campus when the building does not belong to you. For example we would have to go through the jurisdiction for the City of Compton which is just the City of Compton. He stated that the chances are if we went with Compton Unified we would also be subject to DSA because K-12 and Community Colleges are subject to DSA on any of their buildings. It adds a little bit of additional costs to getting our architectural plans approved.
      - Dr. Villalobos asked Mr. Lopez to explain the difference between Augmentations and Enhancements. Mr. Lopez stated that “Augmentation” is a one-time increase though you could receive an increase. An “Enhancement” is on-going. Mr. Lopez stated that a memorandum was sent out in June to each department, requesting each department to submit budget augmentation/enhancements and that he

provided some guidelines that needed to be followed. He stated that the committee was able to fund everyone who submitted something and approved them.

ii. District Wide Improvements (\$200,000).

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. Dr. Moore asked Mr. Lopez for clarification of the transfer. Mr. Lopez stated that in 2009-2010 the general fund borrowed \$2,000,000 from the line of credit. During that time it was made clear that the general fund would pay it back. Mr. Lopez stated that there was not an actual time table. He indicated that with this payment a total of \$600,000 has been paid back to the line of credit.
- b. Transfer \$396,000 to the Property & Liability Fund.
- c. Transfer \$500,000 to a newly established PERS/STRS Pension Fund to reserve for future pension obligations. – Added (new). Mr. Lopez mentioned that STRS is set to increase to 19.1 by 2021 and PERS has a similar rate comparable to STRS at approximately 19%. Currently, the STRS rate is 10.73% and PERS is 11.847% and the rates will increase to 19% and this will be a dramatic drain on our budget.
  - Ms. Aguilar asked if the figure is based on everyone's salary or is it the same across the board. Mr. Lopez stated that the rate is the same and based on salary. She asked if new hires will pay less. Ms. Perez responded that they will pay a different rate because they got caught in the first change over. Certificated members were paying 8% and they are paying more. Ms. Perez stated that there are two different STRS rates; if you were hired prior to 2012, you are grandfathered in to paying a lesser rate. Mr. Lopez stated that the rates are close to each other.

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

Mr. Lopez provided a copy of the 2015-2016 Preliminary Budget Assumptions. A question and answer session followed. He stated that the largest portion that we received was from state revenue, and for unrestricted federal revenue we did not receive any funding. He indicated that last year, under federal revenue, we received very little for a program that we closed out in June 2014 for the MAA Program. The federal dollars that we do receive are in the categorical programs.

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

- 8610 Principal Apportionment – Mr. Lopez stated that of the state dollars that we do receive most comes from Principal Apportionment - \$20,052,852-- and is based on achieving 5860 FTES.
- 8630 Education Protection Account Funds Prop 30 (EPA) - \$5,836,277. Dr. Moore asked Mr. Lopez to explain the EPA. Mr. Lopez stated that this represents a portion of the sales tax and income tax. The EPA dollars for sales tax will begin to run out in 2016 and the income tax in 2018. The bulk of the money comes from income tax, so approximately 80% of the pool is driven by income tax. In

2016 we will take a 20% hit. He believed that there will be a new ballot measure to extend them, but according to what he has read, published by School Services, Governor Brown is not supporting this. So, we are showing it on our Five-Year Budget that this goes away.

- There was an in-depth discussion regarding this issue.
- 8682 Mandated Reimbursements - \$3,200,000 – Mr. Lopez stated that this is a one-time only reimbursement.
- 8691 Mandated Block Grant - \$164,080
- 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

#### 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 “L”.

##### *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 and overtime. 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, \$100,000 for one-time funding allocations, and \$50,000 to fund budget augmentations/enhancements per budget assumptions “P and Q.” Dr. Moore asked if \$600,000 was placed in this year’s budget. Mr. Lopez stated that in 2014-2015 the original budget was \$200,050 and we added an additional amount for the Cosmetology Program.

Mr. Simmons mentioned that before the state came in our budget book was very thick, as it listed every object in the budget. He indicated that El Camino’s budget is not that detailed but it does delineate at the program level and he wanted to know the reason why? Mr. Lopez stated that it was too much detail for the department level and we do not break it down that way. Dr. Moore indicated that it provides a certain level of transparency when one can see clearly what each department budget has and the transfers back and forth. Ms. Perez stated that this information could be viewed by anyone who wants to do so. Mr. Lopez stated that each District does it differently and it is based on preference. He stated that the restricted fund is broken down where it

shows how much EOPS received. With the restricted funds, whatever funding they receive that is what their budget is and if it is not spent the department will lose it. Mr. Simmons asked with regards to details what the most popular method in the state is. Mr. Lopez stated that the minority have adopted the detailed format (e.g., Glendale). He stated that most colleges shows the fund level and half the department level. Mr. Simmons stated that a new law was passed where the salaries of those individuals that are paid \$100,000 or more has to be listed. Mr. Lopez stated this information has been listed on the Human Resources website since 2014.

Dr. Moore stated that this is the District budget and asked why the PBC was not privy to how Bond monies are spent. Mr. Lopez stated that the budget he sent out does include the breakdown of the Bond in it. He indicated that the unrestricted general fund has nothing to do with the Bond. Dr. Moore asked if it showed a breakdown of expenditures. Mr. Lopez responded yes, however, you will not be able to see the detail of the actual projects. He stated that every month we present an award of all the activity of the Bond for all the projects and expenses. The Bond usually goes into a little bit more detail because of the Bond Oversight Committee, where it goes under review to ensure that expenditures are in accordance with the purpose of the tax measure. Dr. Moore asked if the PBC could receive a copy of that report on a monthly basis. Mr. Lopez stated that it is based on the year and it is audited. He stated that once we are approved for a \$100,000,000 bond, we do not go and issue \$100,000,000 worth of bonds. We set-up projects that we are going to be working on and based on cash flow and need we will issue bonds based on that particular project/purpose. He stated once we get that money then we do an RFP, start with the planning process, and allocate architect fees, and then begin spending in accordance with the project. All of the information is reported to the Board of Trustees on a monthly basis that shows the actual budget for the project every month.

Ms. Aguilar asked who does the planning for the one-time funds and how they are spent and asked should the PBC be part of the planning? Ms. Perez stated that it came from the plans that were submitted through Plan Builder/TracDat annual plans and programs reviews. The people had to substantiate in their requests where it was located. Ms. Aguilar stated that she was referring to the \$3.2 million. Mr. Lopez stated that \$950,000 is the one-planning augmentation, which Ms. Perez was discussing. Ms. Aguilar stated that she was referring to the \$3.2 million that went into the funding for the OPEB contribution. Mr. Lopez stated that is the additional line of credit, the OPEB contribution, and the pension, all of which are tied back to the overarching priorities. Dr. Moore asked who determines the priorities and Mr. Lopez replied the CEO. Dr. Moore indicated that in essence that he just puts together his own budget and what he sees and wants as a priority and the committee is supposed to rubber stamp it as a Planning Committee, without any involvement or discussion of the process. We are the Planning Committee, so why are we here? She indicated that this is just an exercise in futility because we have nothing to do with that decision-making. Ms. Aguilar asked who is to say that we would not have voted for these priorities? Dr. Moore stated that it could have been worked on together. Ms. Perez indicated that part of the reason was because there was no quorum the entire summer. Dr. Moore stated that it was not on the agenda nor were we asked to come in to discuss how these monies would be distributed. This is another one of those meetings where you bring us information and

expect us to vote on it. She asked that the games stop. Ms. Perez stated that Dr. Moore never comes to the meetings. Dr. Moore stated that when she is not working she does, so Ms. Perez was asked to please be clear.

Mr. Lopez asked if there were any other questions; if not he asked that the committee vote to move the budget forward to be placed on the September 8, 2015 Board agenda.

Dr. Murray moved that the 2015-2016 Final Budget be accepted for approval. Mr. Sanchez seconded the motion. The vote was 4 in favor, 3 opposed, and 1 abstention. The motion passed.

IV. Adjournment - The meeting adjourned at 3:26 pm.