



PLANNING & BUDGET COMMITTEE (PBC) MEETING
Compton Community College District
November 25, 2014 – 2:00 pm – 3:30 pm
Board Room

MEMBERS PRESENT

Trish Bonacic ___ Dr. Billie Moore ___ LaVetta Johnson Nancy Sepulveda
___ Dr. Rodney Murray Dr. Michelle Priest David Simmons
___ Carmela Aguilar Dr. Jose Villalobos

OTHERS ATTENDING: Felipe Lopez and Barbara Perez

Handouts

- Student Equity Executive Summary
- BP 6200 Budget Preparation
- Five Year Fiscal Management Plan
- Schedule of Other Postemployment Benefits

I. Call to Order

The meeting was called to order at 2:15 p.m. by Trish Bonacic.

II. Approval of Minutes

The minutes of November 4, 2014 were approved: Ms. Bonacic moved approval of the minutes. Ms. Sepulveda seconded the motion. The vote was 4 in favor, 0 opposed, and 1 abstention. The motion passed.

III. Student Equity Executive Summary

Ms. Perez stated that she did not have the plan as it is a work in progress. She provided a handout of the Student Equity Executive Summary. A question and answer session followed.

Ms. Perez stated that when the committee met they looked at the big picture and tried to address everything. The Student Equity Executive Summary is broken out into five different components: 1) Access; 2) Course Success; 3) ESL and Basic Skills Completion; 4) Degree and Certificate Completion; and 5) Transfer. She mentioned that within all of these are gender, ethnicity, disability, economic status, veterans, and foster kids. For example, where there was really a disparity was between male and females. What they decided to do was to focus on addressing and balancing out the gender equity on campus. This was something the accrediting team commented on, the fact that we were 67 percent female and 33 percent male.

Ms. Perez stated that when you get to Core Success and completion there did not appear to be any gender bias. However, in terms of race and ethnicity Course Success, Basic Skills, Completion, Transfer, and Completion in proportion to their number on campus, African American are not as successful. They are impacted in each of these areas. The question was could we address everything. The Chancellor's Office stated we did not have to and could target what we were going to do. The ECC plan is focusing on Course Completion we are going to focus on getting the students into the classes and ensuring they are successful, instead of moving them through the pipeline.

The District has decided to bring in a Director who will oversee the Student Equity Plan, which we see as being critical for increasing success. It will also fund half of a Research Assistant. We will increase SI and tutoring between Basic Skills and the Student Equity Plan will also potentially fund a Learning Center Assistant. These needs will utilize approximately \$200,000 of the \$400,000. This will leave \$200,000 to hire additional adjuncts, put more counselors in the classrooms, and place more tutors in the math classes. Mr. Simmons stated that he had an issue with another Director's position because there was a time when we were told we had too many administrators. When we looked around to see what other Districts did, they were using faculty members who were on 100 percent release time and treated as Directors but without the title.

Ms. Perez stated that the problem is faculty members would be on the wrong side of the Fifty Percent Law and they are restricted because they could not oversee staff and evaluate them. We have seen this with the Coordinator of the First Year Experience Program and the Instructional Specialist. The Director will be responsible for the \$400,000 to ensure it is being spent correctly and getting necessary data. The person will work with staff on campus and will not have an Administrative Assistant.

Ms. Bonacic inquired about the timeline for the Student Equity Plan to go to the Board. Ms. Perez responded December 16, 2014. She also stated that it was discussed in Cabinet that EOP&S might not be fully funded this year and the thought was they would have access to the equity money. Mr. Lopez stated that he did not know, but he did not think it was a cause of concern because we currently have a problem spending down our EOP&S dollars. Ms. Perez stated that the biggest thing is how to assist students with text books. It does not have to be just EOP&S because sometimes the students may not be eligible for EOP&S or Financial Aid. The students have families and other concerns and buying a text book is a big deal that Student Equity money cannot be used for.

IV. BP 6200 Budget Preparation

Mr. Lopez stated that at the last PBC meeting a change was made to Board Policy 6200 Budget Preparation. He stated that the change that was discussed at the last meeting was to increase the unrestricted general fund reserve from a 5 to 10 percent reserve. Mr. Lopez requested the consensus of the committee to adopt Board Policy 6200 Budget Preparation. Mr. Simmons asked if the wording and recommendation of the 10 percent was from the Chancellor's Office or was it simply a prudent reserve. Mr. Lopez indicated that he would have to change the wording, as the Chancellor's Office prudent reserve is no less than 5 percent. He mentioned that the wording could change to "the unrestricted general reserve should be no less than 10 percent." He had shared a document from the Government

Finance Officers Association (GFOA) on Community Colleges Best Practices and it is the group that adopted the 10 percent figure; he would modify the language to reference the GFOA. He indicated that it is still a small percentage but provides a healthy fund balance. It shows the Commission our willingness to look at our financials and be on the conservative side.

Dr. Villalobos mentioned that we have a 27 percent reserve without taking into account the cosmetology payment. He asked what the District's reserve is now that the District has to pay the \$2.4 million cosmetology assessment. Mr. Lopez mentioned that the District has come to a settlement agreement with the Chancellor's Office and the reserve that he spoke of will not change because it is based on our actuals. He stated that he has incorporated the \$4.9 cosmetology payment over the five years going forward from the current year.

Mr. Lopez stated that he would combine the following topics of the PB 6200, Five Year Management Plan, and the OPEB Funding Schedule.

Mr. Simmons stated that with the language change per Mr. Lopez regarding the GFOA on the sixth bullet, he moved approval of Board Policy 6200 Budget Preparation. Dr. Villalobos seconded the motion. The vote was 5 in favor, 0 opposed, and 0 abstentions. The motion passed.

V. Five Year Budget Update

Mr. Lopez stated that in the revenue section he used to have a line item that showed the decreased apportionment for cosmetology; it would now be removed. We no longer have the issue with cosmetology and it is accounted for in our books. There is no increase to the expense and no decrease to our revenue. On page 4, our ending revenue for 2013-2014 is 26.51 percent. In the budget for 2014-2015 it will decrease to 17.58 percent. We are spending \$2.1 million more than we have revenue and we do not have any continuing on-going expenses.

Mr. Lopez stated that the \$750,000 budget increase is to provide District wide computer equipment moving from windows XP to Windows 7.

In 2015-2016 we are spending a little more than what is being brought in by around \$300,000. It includes the one-time election costs of \$250,000 and \$109,000 for PARS, which will go away the following year. In 2016-2017 and 2017-2018 we have surpluses which means we will have a balanced budget and we are not deficit spending. The reserves percentages from 2014-2015 through 2017-2018 is consistent at 17 percent. We do not want to make any dramatic changes unless we are going to accept that we are going to use fund balances as a one-time expenditure option, which was the case in the budget for 2014-2015.

Mr. Simmons inquired about the classified position on page 3 of the Five Year Plan. Mr. Lopez stated new positions are included and he had projected out the annual step increases.

VI. OPEB Funding Schedule

Mr. Lopez stated that at the end of June 30, 2014 in anticipation of owing something, he and his staff booked 50 percent of the liability on the books at \$2.45 million and the

liability is a little over \$2 million. He stated that the liability does not change the reserve and we are in good shape. There is a difference of what was booked and the liability totaling \$367,000. Mr. Lopez stated that he would like the committee's approval to take this difference and place it in the OPEB Trust. The liability is accounted for and it will not affect the revenue.

Mr. Lopez stated that on item 15, it goes from \$250,000 to \$319,000; we are adding \$69,000 above the \$250,000. We will continue to take the \$250,000 from the general fund, but the District will contribute an additional \$69,000 to the Trust. By doing so, this year we will have over \$1 million in the Trust. The total contribution to OPEB this year will be \$619,000. Based on the funding schedule the annual contribution increases to \$1.4 million in 2029 as a result of the line of credit pay-off in 2028. We will then move the line of credit money to the OPEB Trust. The District could potentially fund the Trust in 20 years. It is a conservative plan and it will not affect the other programs that we are currently implementing. This will go a long way with the accrediting commission.

Mr. Simmons asked when the OPEB liability will be looked at. Mr. Lopez replied that the actuarial study would be done this fiscal year in 2014-2015.

Mr. Lopez wanted to ensure the committee was okay with the OPEB allocation, as he would like to place it on the Board Agenda as well as approving the payments to the Chancellor's Office to pay off the cosmetology liability. Mr. Simmons stated that he sits on the OPEB Board and asked if it was a conflict of interest. Dr. Villalobos agreed with Mr. Simmons. Dr. Priest asked if this idea was introduced today. Mr. Lopez replied yes, because the District just received the settlement for cosmetology. He stated the District will move forward with the payment to the Chancellor's Office. Drs. Priest and Villalobos asked to be excused for a moment while they stepped outside. They returned and Dr. Priest inquired about the interest. Mr. Lopez stated that the OPEB obligation is over \$15 million and the committee that Mr. Simmons and Dr. Villalobos both sit on is the Retirement Board of Authority and that Board goes through a process of how we develop an investment policy. We meet with our consultants on how to invest based on risk factors. To date \$450,000 has been contributed to the fund that has generated approximately \$25,000 to \$30,000 of interest.

Dr. Villalobos asked if the vote could be delayed until the next meeting because he would like to take it back to his constituent group first. Dr. Priest moved the payment of cosmetology, but not OPEB. Dr. Villalobos second the motion, with the over budget allocation to be tabled until the next meeting. The vote was 5 in favor, 0 opposed, and 0 abstentions. The motion passed.

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