



**PLANNING & BUDGET COMMITTEE (PBC) MEETING
MINUTES,**

Facilitator: Dr. Abiodun Osanyinpeju

Recorder: C. Edwards

Date of Meeting Recorded: March 22, 2022, 1:00 pm – 2:00 pm

Location: Zoom

<p>Vision Compton College will be the leading institution of student learning and success in higher education.</p>
<p>Mission Statement Compton College is a welcoming and inclusive community where diverse students are supported to pursue and attain student success. Compton College provides solutions to challenges, utilizes the latest techniques for preparing the workforce and provides clear pathways for completion of programs of study, transition to a university, and securing living-wage employment.</p>

<u>PRESENT</u>		
<u> </u> X Jose Bernaudo	<u> </u> X Amber Gillis	<u> </u> X Dr. Abiodun Osanyinpeju
<u> </u> Keith Cobb	<u> </u> X LaVetta Johnson	<u> </u> Eboni Trapp
<u> </u> Lorena Fonseca	<u> </u> X Janette Morales	<u> </u> X Dr. Jose Villalobos

OTHERS ATTENDING: Dr. Abdul Nasser, Dorrett Lambey, and Owen Yu

Handouts

- CCCD 2021-2022 Budget to Actuals Variance General Fund Unrestricted Fund 01.0, as of February 28,2022
- CCCD Restricted General Fund Cash Flow Analysis Fiscal Year June 30, 2022
- CCCD Five-Year Fiscal Management Plan Unrestricted General Fund (Subject to Frequent Change)
- Line of Credit Debt Services Schedule 03-14-22

Meeting Minutes

I. Call to Order

The meeting was called to order at 1:08 pm by Dr. Abiodun Osanyinpeju.

II. Review of Minutes

- The minutes of March 1, 2022 were approved Dr. Villalobos, Mr. Bernardo (moved/seconded). The vote was 6 in favor, 0 opposed, and 2 abstentions. The motion passed.

III. Compton College Five-Year Fiscal Management Plan

Dr. Nasser mentioned that he presented the Compton College Five-Year Fiscal Management Plan to the Board of Trustees. If you noticed on the agenda, we mentioned the FCMAT report to this committee. We talked at one point that FCMAT wants us to create a five-year budget, if we have income based on our FTES rather than the hold harmless. So, this is a first step that includes the hold harmless revenue,

and this is basically our assumptions. For example, the funding for next year is based on the Governor's Proposed Budget in January. Of course, the Governor's will come up with his May revise and then in June, the legislature will act and so this number could change.

Dr. Nasser indicated that these are the projected numbers that we derived from an organization called School Services of California. The School Services of California does estimations and come up with projections and percentages. For example, we have identified only 1% for utilities and will have to revisit, that is why I said this is simply a Plan. This is how we see things coming but, of course, everything will change and basically the assumption that we use to build our budget. This is where we show our revenues and I would like to remind you all that our enrollment shows 5,980 FTES because we are on the Hold Harmless provision until 2025-2026. Dr. Nasser stated that the Governor's Proposed Budget mentioned that everyone in the Community College System will be on Hold Harmless to 2024-2025 enrollment level.

Mr. Bernaudo inquired about the Hold Harmless until 2025-2026 and does that mean we will still be getting funded at 5,980 FTES through 2025-2026. Dr. Nasser replied yes, we will be funded through 2025-2026. So, basically, we ran the numbers and came up with what the projected revenues will be, and those are broken down by the state and local revenues. Then we see what the projections will be then again usually that first page of the assumptions is basically an estimate of the expenses for the next five years. This basically summarizes what our revenues will be, are expenses, and our fund balance at the end of each fiscal year. Again, it is a lot of numbers and it was shared with the Board of Trustees yesterday.

Mr. Bernaudo indicated that he understands the FMAT report as there was a lot of information in it. He mentioned that FCMAT is now requiring us to come up with a plan for the real FTES that we are currently generating for these years. Dr. Nasser said that is correct. Mr. Bernaudo inquired if with that revised numbers as opposed to what we are being funded and the money that we are getting; does that mean that we are overstaffed with full-time faculty? Also, does that mean that there will be layoffs? Dr. Nasser mentioned that he will answer the FCMAT question first.

IV. Fiscal Year 2021-2022 Budget to Actuals

Dr. Nasser stated that when you present your five-year budget, this is strictly a presentation which has nothing to do with the real numbers. He then pointed to the revenue and that on the revenue line we want to reflect the actual FTES not the Hold Harmless. Then the Hold Harmless will show up somewhere as the remainder of your revenue. The revenues do not go away, this would be presented differently. The number on the top will be revenues, as if we were not on Hold Harmless.

Mr. Bernaudo inquired if we were to spend our current FTES then will we be okay to still pay all salaries for all full-time faculty. Dr. Nasser stated that is what FCMAT wants to look at what would the numbers if we were just living within the funding. Mr. Bernaudo asked if FCMAT says you are spending too much on salaries and require or highly recommend lay-offs? Dr. Nasser indicated that the lay-off recommendation will not come from them. FCMAT will educate us and give us this five-year timeframe. For example, what kind of actions will we need to take now so when the so called fiscal cliff comes, we are in good shape to continue and carry on our operations.

Mr. Bernaudo mentioned that he was an optimist and believe that enrollment will come back for all kinds of reasons. So, if our FTES goes up throughout the years will we revise the plan? For example, this is what it is going to be and if you do not meet these numbers you better start cutting everywhere type deal. Dr. Nasser responded no. This is planning and that we are doing this planning because I do not know what is going to happen tomorrow. I am talking about five years from now and strictly for

planning purposes. Dr. Osanyinpeju indicated that he shared that optimism with Professor Bernaudo. He admitted that he missed the first slide, but I think we are still going to be okay even if we go by our FTES we are still solvent and does not see any negativity, nothing. Currently, at this point, we are still solvent.

Ms. Gillis indicated that she is a faculty member and it is her responsibility to go back to her constituency and report the findings and what is happening on this committee. What would you suggest are the areas that we should draw attention to for our colleagues? Dr. Nasser mentioned that one of the key items that we talked about is revenue because of Hold Harmless. We are at 59% enrollment and we are nowhere near where our numbers should be. The key is what can all of us do to change that, that would be helpful.

Mr. Bernaudo commented that the next question is from Professor Morales that she put in the chat. We have been talking about the recommendation of a hiring freeze. Dr. Nasser replied correct. Mr. Bernaudo asked if the District will be adhering to that or are they going to disregard that and will continue with hiring when they should not be hiring.

V. Cash Flow Report

Dr. Nasser shared the next fiscal year 2022-2023 and indicated that the plans are to hire approximately six or seven faculty positions. He stated that FCMAT recommended that we should have a hiring freeze. One of the issues they have is with the 50% law. But hiring faculty actually helps on that, and so, yes, we are going to be hiring though they said to freeze because the Chancellor's Office provides us funding for new faculty.

Mr. Bernaudo asked if we are top heavy with administrators. Dr. Nasser responded that it has to do with the size of the campus and the number of students that we have. There is something called fixed costs and variable costs, so, if you have a classroom of 10 you may be able to accommodate 15 without any additional expenses. Those would be your variable costs, some of those are sunken costs that you cannot avoid running the operations.

Mr. Bernaudo inquired that since we are generating perhaps between 2,000 - 3000 FTES and we are being paid for five, are we building reserves as result of extra money being left over? Dr. Nasser replied absolutely. One of the things said when the did the risk analysis was done was that we were in the 10% category, which is a very low risk of our fiscal health. Ms. Sosenko followed up to Professor Bernardo's answer. She mentioned that when you are talking about the 50% law, we have low-class sizes due to our low enrollment which does impact our 50% law or adherence to 50% law as well. Mr. Bernaudo mentioned that our faculty members meet their load to support student needs, but we are running them at very low sizes, right now, if we are able to improve our efficiencies in class sizes does that help with our 50% law or adherence to 50% law. He is trying to understand.

Dr. Nasser stated that if we have more facility costs those would not help the 50% law, if that is what you are alluding to. Ms. Sosenko indicated that because of expenses of facilities to students, the ratio is a little bit out of whack right now, because of our loan roadmap. Dr. Nasser said correct as that would hurt the 50% law. Ms. Sosenko mentioned that we can increase enrollment, that is well okay. Ms. Gillis informed the group that she drops something for folks in the chat which is a link with some information about the 50% law for folks to understand.

Mr. Bernaudo stated that FCMAT wants us to meet the 50% law and on the other hand, do a hiring freeze as well So what are we supposed to do? Ms. Sosenko indicated that we have instituted a hiring freeze except for faculty. Mr. Bernaudo confirmed that we are partially doing a hiring freeze but not

exactly. Ms. Sosenko stated that we are strategically looking at what we are going to have to meet in a year or two down the road and trying to be smart about it. She mentioned that it was in Dr. Curry's announcement, a couple of weeks or two weeks ago. We are replacing non-faculty positions that already existed, but we are not adding anything new, other than faculty. Dr. Osanyinpeju mentioned that he was going to increase the expenses that will be paid towards faculty and that its better for the faculty to be on the lower side of the 50% law.

VI. Line of Credit

Dr. Nasser stated that a few years ago, to help us financially, we were given a loan for \$30 million and we borrowed approximately \$17 million of that. We were given a payment schedule to pay this Line of Credit off. The original schedule was set up to be paid off by fiscal year 2030. We are accelerating that process by paying off the Line of Credit sooner, by the time we come to the so called fiscal cliff this expense will go away. This will help us with our operating costs. It was presented to the Board of Trustees last night that we are going to make additional payments to have the loan paid off by January 1, or June 1, 2026, to support the educational mission of the College. Dr. Osanyinpeju asked how much we are going to be able to save by paying as quickly as possible. Dr. Nasser indicated that he did not know the savings number. He mentioned that he did not have the number, however it frees up approximately \$1.1million to \$1.6million

Dr. Nasser provided a brief discussion on the cash balance. He indicated that we spent \$24 million out of the \$50 million, so we are less than 50% spent.

Ms. Morales indicated that she has a question regarding the loan. She asked what would be some reasons that we would not be able to pay the loan off? Dr. Nasser stated that we do not have any reasons why we would not be able to pay the loan off early. We are making a strategic decision to help us in the future if a fiscal cliff comes, because our financial situation and as I mentioned FCMAT assessment, we are very low risk because we are healthy fiscally speaking. Ms. Morales clarified that there would not be any unexpected expenses that could happen or costs for not being able to pay the loan. Dr. Nasser responded that he does not foresee any and based on the analysis on outside reporting from FCMAT we are fiscally sound.

Dr. Nasser stated that he wanted to look at the cash balances to show what funds we have available. He shared the restricted fund and pointed out the negative balance. The negative balance in the restricted funds, because the feds federal government wants us to do first is spend the money. Then we asked them to give us the money back. So, this month, it shows a negative balance and next month, this will be a positive figure. Dr. Nasser commented that our cash resources are pretty healthy, as well as a reflection of our fiscal health. Ms. Johnson clarified that we submit to them every month. Dr. Nasser said whenever we use the money submit we have to apply for reimbursement from the Federal government. This is done on a weekly basis. We do an assessment of what was spent, and then we do what is known as drawdowns, we look at it on a weekly basis, and then we do the drawdowns to the feds.

Ms. Morales wanted to know what falls under restricted Program. Dr. Nasser indicated that he did not have the list that in front of him, but there are several. Ms. Lambey indicated that grants, for example, the Apple Partnership where the money has to be spent in a specific way. This is one of many items that would be held on under other restricted. Ms. Morales indicated that she would appreciate a list of other programs that are listed under the restricted line item. Dr. Nasser stated that he will provide the list.

Dr. Osanyinpeju inquired about the Personnel Commission for classified employees. He mentioned that he read that we have issues with the Personnel Commission and we are not planning on bringing back some rights and if the state is asking us to reinstitute that immediately. Dr. Nasser stated that FCMAT is proposing that that we do not bring the Personnel Commission back until 2029 which was the original time frame that the Line of Credit was to be paid off, that was their proposal. Dr. Nasser said some other folks think that we should bring it back sooner, so there is a legislation that is being considered. So, that is something that we have purview until the legislation acts in the meantime and we do have funds set aside in our budget for that purpose.

Ms. Morales asked how would bringing back the Personnel Commission impact the budget. Dr. Nasser commented that what would happen is we would have to provide personnel. The Personnel Commission Department would have a Director and other staff supporting it. Then Personnel Commission will actually have personnel costs associated with it. The usual supplies, equipment, and other expenses that an office would have so that would be an expense and since we are talking about 50% law, that will be an expense that would be not help us. It will be a non-instructional so that would not help the 50% law.

VII. Other

Dr. Osanyinpeju thanked everyone for attending the meeting. However, before we go he wanted to bring up the new collective bargaining change regarding the 1:30 pm start time for meeting. He asked the group if they wanted to move the Planning and Budget Committee meeting to 1:30 p.m. or keep the meeting at 1:00 p.m. A question-and-answer session followed, and it was agreed that the meetings will remain on every fourth Tuesdays at 1:00 p.m. Dr. Osanyinpeju asked that everyone place the meeting on their calendar.

VIII. Adjournment

The meeting was adjourned at 1:51 pm.