

**EL CAMINO COLLEGE**  
**Planning & Budgeting Committee**  
**Minutes**  
**Date: August 18, 2016**

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**MEMBERS PRESENT**

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| <input type="checkbox"/> William Garcia - Student & Community Adv. | <input checked="" type="checkbox"/> Rory K. Natividad - Chair (non-voting)      |
| <input checked="" type="checkbox"/> Amy Grant - Academic Affairs   | <input checked="" type="checkbox"/> Cheryl Shenefield - Administrative Services |
| <input type="checkbox"/> Ken Key - ECCFT                           | <input type="checkbox"/> Jackie Sims - Management/Supervisors                   |
| <input checked="" type="checkbox"/> David Mussaw – ECCE            | <input type="checkbox"/> Dean Starkey – Campus Police                           |
| <input type="checkbox"/> Arceli Rodriguez – ASO, Student Rep.      | <input type="checkbox"/> Lance Widman - Academic Senate                         |

**Other Attendees:** A. Leible, President D. Maloney

**Members:** B. Mulrooney (for William Garcia), S. Prieto, R. Russell, L. Smith, J. Troesh, S. Waterhouse

**Support:** B. Atane, L. Beam, K. Daniel-DeGregorio, J. Ely, A. Garten, J. Higdon

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The meeting was called to order at 1:02 p.m.

A welcome was given to President Maloney and the various substitutes in attendance. All members of the committee introduced themselves and specified their affiliation.

**Approval of the July 7 Minutes**

1. Summer Enrollment Update, #1, third sentence, after eight-week session, **insert:** was
2. The minutes were approved with the one noted correction and will be posted to the portal.

**Final Budget Presentation** – President D. Maloney (handout)

1. President Maloney began the discussion with an overview of the information about the process leading up to today's discussion on the review of the final budget. In August VP Higdon provided an overview of the final budget at the board meeting. The budget will be posted to the El Camino College website on August 26. A budget workshop for the board will take place prior to the September 7th board meeting. This workshop will be open to the public.
2. The legislature made a priority towards growth of 2% which is approximately \$114 million. Many districts are not growing and this is a challenge for our system. There will be no COLA for this year. The operating increase will be \$75 million which is about a 1.29% increase. El Camino College is currently not growing and it is unlikely we will realize the benefit of these access growth dollars. A majority of our summer 2016 FTES was used towards the 2015-16 allocation. As a result our college will enter into stabilization this year with regards to FTES and enrollment.
3. The access growth money and the general operating increase are the only two areas of the state budget that are unrestricted and discretionary. The other augmentations to the state budget are in categorical programs designated for specific purposes. The \$75 million in the general operating expense fund, according to the chancellor's office, is a way for districts to prepare for the escalating increases in CalSTRS and CalPERS. There is a big focus on the strong workforce program of \$200 million. This will be accomplished by a 40/60 split between regional consortiums and the colleges. These new and ongoing monies are to support various CTE programs. El Camino College received 1.5 million and the Compton Center's share was \$750,000. The state budget also included \$184.6 million for deferred maintenance, instructional equipment and drought resistance. There are many aging facilities which need to be renovated and maintained. It was also noted there is \$49.2 million for energy efficiency projects to assist districts in bringing energy use to more current and efficient

standards. There will be no fee increase for our students this year. The state also allocated \$5 million dollars in zero textbook cost degree programs. El Camino has submitted a proposal to participate in this program. Compton College successfully refinanced their line of credit loan of \$30 million. The district still owes about \$13 million on that line of credit. The new loan percentage is now 2.3%.

4. It was noted that while the budget is positive the group should be aware of Prop 30, the temporary tax. It consists of two components, a sales tax increase and an income tax increase. The sales tax increase will expire at the end of 2016. This tax constitutes about 19% of Prop 30 revenues across the state. The second portion is the income tax increase which expires at the end of 2018. Prop 55 will be on the ballot in November which if passed, will extend the income tax portion for an additional 12 years. Of this revenue 11% would be allocated to community colleges. The remainder would go to K-12 and health care.
5. The budget assumptions for 2016-17 were discussed. The first item to be aware of is due to our declining enrollment and having to use summer FTES for the preceding year, the college will be in stabilization. Stabilization is a three-year process. This allows colleges time to recover their enrollment before their funding cap is reduced. The college essentially has three years to recover the FTES needed. The enrollment management plan will be implemented to help meet the FTES needs. There is no COLA for the coming year and \$1.36 million is allocated for general operating increases. It was noted that you will see increases in the expenditure portion of the budget to address the increase in sections offered as part of the implementation of the enrollment management plan. Additional budget assumptions included the rate increases of CalSTRS/CalPERS. This is about an 11% increase to employers over a seven-year period. In 2014 the CalSTRS rate was 8.25%; by 2020 the rate will be 19.01%. For our current year of 2016-17 the rate will be 12.58%. CalPERS also had a rate increase of 2.041% from 11.84% to 13%. Last year the board designated a one-time fund of \$4.3 million to address those increases stated. In addition last year the district received \$10.6 million for one-time funds for mandated costs and claims which the Board set aside as well in last year's budget.
6. Discussion ensued about the potential rate of return in STRS/CalPERS funds. The portfolio projections indicate that the fund should have a rate of return of 7.5%. It was also indicated that stabilization is something that would just happen as a result of handing in our enrollment reports to the state. The summer FTES calculations indicated that we were 71 FTES short of our goal. The enrollment management plan and other campus strategies will be implemented to boost enrollment.

#### **Final Budget Discussion**– D. Maloney / J. Higdon (handout)

1. Discussion and focus was on Fund 11, the district's unrestricted general fund. The beginning balance is \$34,479,690 which includes the 10.6 million received in one-time funds for mandated cost claims from last year. It also includes the \$4.3 million in one-time funds received from last year. That total of \$14.9 million was committed by the Board last year for one-time cost and CalSTRS/CalPERS. The remaining \$19.3 million is the total of the uncommitted fund balance. Reference was made to the state revenue (8610) of \$51 million which is our funding based on 19,488 FTES, plus the augmentation to our base revenue of \$1.3 million. The total state revenue is \$12,855,041 less in 2016-17 than in the previous year due to the infusion of one-time funds.
2. There was discussion and overview of the total revenue received by El Camino College. The makeup of local revenue varies from district to district. The property tax portion of our funding for 2016-17 is \$29,979,694. The enrollment fees for the college are \$7,474,821. The total local revenue is \$48,164,704.
3. Most of the expenditures are allocated for salaries and benefits. It was highlighted that (1300) Other Schedule, Teaching has an increase this year and has a total of \$16,988,857. This is where the funds are located (\$1.17 million) for the enrollment management plan in order to increase the enrollment. It was also noted under books and supplies there is a significant increase in the budget.

4. Contract services and operating expenses were noted as other major components of the expenditures. The 5100 account includes the Fire and Paramedics Academy costs. This cost gets shifted later in the year. The uncommitted reserve fund balance for last year is 17.2% and this year is projected to be 16%. This does not include the money reserved for CalSTRS/CalPERS and one-time expenditures.
5. A plan is being devised as to when we think we will need to tap into the reserves for CalSTRS/CalPERS. With the state wide bump in our base this year, we do not need to touch this money. If we get to the point where there is no augmentation to the base and no COLA, we will then need to tap into these reserves to meet the increases in CalSTRS/CalPERS.  
Discussion ensued questioning how the money for one-time funds are planned for and utilized. One-time monies do not get added to the base revenue for the next year's budget. It can only be used for one-time expenses; not ongoing expenses. It is understood that dialogue is needed on this subject to support the idea of a plan on when and if the funds for one-time funds need to be tapped into for CalSTRS/CalPERS. It was noted this entire budget is reflective of our planning process, requests for resources and prioritizations.
6. The voting for the recommendation to approve the final budget will take place at the next meeting on August 24 at 1 p.m. This will give committee members time to review and digest the materials presented today. Any questions can be forwarded to J. Higdon or R. Natividad.
7. In moving forward it was stated we need to be more creative in how our community can be better serviced so we can provide them the opportunity to meet their needs for higher education. We need to be able to serve more people who need what the college has to offer. The State has provided funding to us and we want to be able to capitalize on this for the community.
8. It was suggested it may be helpful to have a cheat sheet of things which come up on a continual basis. This may help to solve so many repetitive questions. The committee was urged that if someone can not attend the PBC, they need to send a replacement representative. This would help with the continuity of things so repetitive issues are kept to a minimum. R. Natividad will work on this as one of the committee's goals.

**Adjournment** – R. Natividad

1. The meeting adjourned at 2:27 p.m. Because of Flex Day, the next meeting will be held on **Wednesday, August 24, 2016** at 1:00 p.m. in Library 202.

RKN/Imo