



Agenda Item Details

Meeting Jun 16, 2016 - League Board Meeting
 Category 3. Organization
 Subject 3.3 FY 2017 League Budget and Dues (Sarah Kiesling)
 Type Action, Information, Report

Overview

The Proposed FY 2017 League Budget has been developed to fund the strategic priorities of the League Board, to address priorities expressed by the CCCT and CEOCCC Boards, and to strengthen the capacity of the CCLC to support California’s 72 districts and 113 community colleges. The spending plan reflects the following **budget principles**:

- Display proposed revenue and expenditures in the Operating Budget summary and detail
- Projected FY 2016 Net Income
- Increase budget detail for greater transparency and more informed decision making
- Net Income carry-over revenues are used to reduce the need to draw down Reserves

Budgeted operational revenues for FY 2017 are \$4.3 million, an increase of \$477,046 (12.35%) from the FY 2016 Approved Budget.

Revenue is based on 100% dues membership, educational and leadership development programs, and district services.

Budgeted operational expenditures for FY 2017 are \$4.0 million, an increase of \$226,914 (5.99%) from the FY 2016 Approved Budget.

Proposed FY 2017 one-time special projects and programs of \$202,000 will be funded from prior-year carryover funds.

The proposed FY 2017 League Operational Budget calls for revenues to exceed expenditures by \$326,874 in addition to the mandated categorical reserve.

FY 2016 estimates for Operational Net Income of \$332,563. The one-time special projects of \$78,127 will be paid from Operational Net carry-over revenues.

FY 2016 estimates Net Income of \$254,436. Per board recommendation, this estimate will be the carry-over for the proposed FY 2017 Operating Budget.

Salaries and Benefits

Staff salaries and benefits are \$2,030,678 a decrease of \$65,322 (3.12%) from the FY 2016 Approved Budget. Staff salaries and benefits account for 51% of the total expenditures in the FY 2017 Proposed Budget.

Staff salaries and benefits are attributed to the following:

1. Two and one-half percent total compensation increase
2. Projected 1.34% Cal-PERS Unfunded Liability increase
3. Projected 6% healthcare increase
4. Funding for 3 League positions
 - a. Accounts Receivable, 80% time
 - b. Accounts Payable, 50% time
 - c. Associate Level, 100% time
 - d. Research Policy & Assessment, 100% time

League employees are not paid based on a salary schedule with automatic step increases, nor is there a written program for merit pay or stipends. Below is a chart depicting the research for relevant salary comparisons and employment market conditions.

Position(s)	Compensation range	Positions used for comparable compensation
President/Chief Executive Officer	\$180,000-220,000	Six state community college associations with revenue >\$750k, State education associations
Vice Presidents and Program Directors	\$100,000-\$135,000	Chancellor’s Office of California Community Colleges: Vice Chancellors, Asst. Vice Chancellors and Deans
Program Manager, Technical Directors, and Legislative Advocates	\$50,000-\$95,000	Chancellor’s Office of California Community Colleges: Directors, Specialists, Program Assistants
Program Associates	\$40,000-\$60,000	Chancellor’s Office of California Community Colleges: Staff Services Analyst, Office Technician

The salary for the President and CEO is set by the League Board of Directors based on a comprehensive evaluation, including feedback from the policy boards.

League staff members participate in the California Public Employees Retirement System. The League’s contribution for FY 2016 is currently 15.90% of salary and is expected to be 17.24% in FY 2017. Employees are required to contribute between 6.5% and 7.0% based on their start date in the Cal-PERS system.

In lieu of a salary schedule with automatic step increases, over the past ten years the League Board has approved the following total compensation adjustments for League employees:

	California CPI	League
FY 2007	3.4%	4%
FY 2008	3.4%	4%
FY 2009	1.3%	4%
FY 2010	0.7%	0% (frozen)
FY 2011	1.7%	2%

FY 2012	2.4%	1%
FY 2013	2.1%	2% <i>(effective Jan 1, following Prop 30)</i>
FY 2014	1.4%	2%
FY 2015	1.5%	5%
FY 2016	2.0%	0%
FY 2017	2.5%	<i>Proposed 2.5%</i>

The FY 2017 Proposed Budget:

- Includes salaries within the above ranges
- Maintains fringe benefits based on present policies and includes CalPERS participation
- Provides a \$1,500 per person allocation for professional development (PD) activities based each employee/supervisor PD Plan
- 2.5% total compensation increase

Education and Leadership Development

The League sponsored nine workshops, conferences, seminars and the annual convention this academic/fiscal year. The Proposed Revenue Budget is \$792,800, an increase of \$82,500 (11.6%) from the FY 2016 Approved Budget. The Proposed Expense Budget is \$788,402, an increase of \$143,402 (22.2%) from the FY 2016 Approved Budget. An expense increase often reflects increased registration attendance, which in turn results in additional revenue and higher net income. The Proposed Budget reflects a 4-year average to better reflect actual performance.

The FY 2017 Proposed Budget:

- Continues the Annual Convention, Annual Trustees Conference, Effective Trustees Workshop, Board Chair Workshop, Executive Assistants' Workshop, Legislative Conference, Vineyard Symposium, Classified Leadership Institute, Asilomar Leadership Seminar, Washington, DC Delegation Breakfast, Phi Theta Kappa Luncheon, and Student Trustees Workshop
- Development of the CEO Summer Institute
- Financial resources to maintain fiscal management of the Joint CEO Conference, A2MEND, CTE/CEO Summit, and CCPRO
- Additional one-time events and workshops are typically funded from reserves

Publications

The projected cost of producing and mailing publications, maintenance of the website, and general communications in FY 2017 is \$28,500, a decrease of \$16,000 (36%) from the FY 2016 Adopted Budget. Publications expenditures represents 1.0% of total expenses. As many publications have become digital, this area of the budget continues to decrease.

The League annually publishes the Annual Directory jointly with the Chancellor's Office of the California Community Colleges, which goes to all CEOs, trustees, and community college staff.

Special publications also are produced, including the recently launched newsletter League/MATTERS. Most publications are also placed on the League website.

Corporate Partners

The Corporate Partners program develops connections between the business community and the League. The proposed Corporate Partner Revenue Budget is \$118,000, an increase of \$18,000 (18%) from the FY 2016 Approved Budget. The anticipated revenue corresponds to the actual revenue from FY 2016.

Website & Association Management

The budget provides funding to continue the internet4associations software suite that, among other things, enables the League to:

- Maintain a membership management system tracking over 6,500 community college officials, vendors, legislative staff, and other interested parties
- Provide online registration for conferences and seminars
- Maintain a greater number of documents and reference materials online
- Offer up-to-date information to our multiple constituencies

Meetings/Board Travel

This fiscal year, there were four League board meetings, five CCCT board meetings, nine CEOCCC board meetings, and one Statewide CEO meeting. In addition, there were seven meetings of the League's Advisory Committee on Education Services (ACES) and Advisory Committee on Legislation (ACL) committees.

The aforementioned meetings require staff time in the preparation of notices, agenda materials and minutes, as well as costs for staff travel, lodging and meals. For board meetings, travel costs are reimbursed to board members. Although travel costs are not reimbursed for committee members, meals and coffee breaks during the meetings are paid for by the League.

Direct meeting and board travel costs account for 3.0% of the League's Expenditures.

The FY 2017 Proposed Budget:

- Adjusts expenses for increasing hotel and air travel costs
- Maintains four League board meetings
- Maintains nine CEOCCC board meetings, including two joint meetings with the CCCT
- Maintains five CCCT board meetings, including three two-day meetings and two joint meetings with the CEOCCC
- Provides funding to reactivate the District Services Advisory Committee
- Includes costs for three advisory committees' meetings two to four times during the year

Office Operations/Professional Services

In FY 2017, 6.0% of the League budget is expected to be spent on general office operations and professional services. This includes postage, telephones, supplies, equipment, utilities, security, rent for the L Street Legislative office, legal services, accounting, payroll services, and consultants.

The FY 2017 Proposed Budget:

- Provides for the annual financial audit as required by Board policy
- Includes insurance at present levels (general liability; directors' and officers' liability, flood, fire, theft, and other multi-peril)
- Maintains consultant services
- Continues the policy of maintenance, equipment, and furnishings expenditures, coming from categorical reserves as needed

Staff Travel

Projected expenses for staff travel is \$67,000, an increase of \$8,000 (13.6%) from the FY 2016 Approved Budget. Approximately 2.0% of the League's expenditures are anticipated to be spent on staff travel in FY 2017. During the past few years, representatives of the League staff have attended the following; Legislative seminars, ACCT annual convention, AACC annual convention, the annual conferences of the PIOs, CSSOs, CIOs, A2MEND, M2CS, Academic Senate, and the Student Success Conference.

In addition, staff members attend the regular meetings of the CBOs and the RP Group; local trustees' regional meetings, regional CEO meetings with the Chancellor, presentations at local districts on local decision-making with the Academic Senate, and at local governing board meetings.

While the share of the budget spent on staff travel has been consistent, at the Board's request, the League has instituted a travel approval policy to ensure that all travel is consistent with League strategic priorities, and that staff resources are used as efficiently and as effectively as possible.

District Services

The District Services area includes 10 district programs that are projected to generate \$1,441,550 in revenue during FY 2017, an increase of \$117,050 (8.84%), from the approved FY 2016 Budget. The major programs in this group include Electronic Information (Library) Resources, the Policy and Procedure Service, BoardDocs, the Retiree Health Benefit JPA, Electricity Purchasing, and Charitable Gift Annuity.

Projected expenses for District Services are \$540,783, an increase of \$118,583 (28.09%) from the FY 2016 Approved Budget. Similar to conferences and workshops, expense increases often reflect an increase in customer demand for the service which also results in additional revenue and higher net income.

The FY 2017 Proposed Budget:

- Maintains programs now established and realignment of projected income to reflect recent performance
- Renews the the Redistricting and Election Services Program

League Reserves

Per Board direction, the FY 2016 League's projected Operational Net Income of \$332,563 was used to draw-down operational reserves of \$78,127. The projected Net Income for FY 2016 of approximately \$254,436 is now shown as beginning revenue in the FY 2017 Proposed Operating Budget.

Categorical Reserves at the beginning of FY 2017 will be \$1,838,586. No Categorical Reserves were used for FY 2016.

One-Time Special Projects/Programs-Proposed that require the use of reserves in FY 2017:

• P&P Special Svcs, Federal Compliance	\$ 50,000
• Strategic planning consultant group	\$ 30,000
• Prop 30 Extension/Bond Prop/Testimony	\$ 25,000
• Facilities Maintenance	\$ 25,000
• Internship Program	\$ 20,000
• Charitable Gift Annuity payments	\$ 15,000
• ACCT Reception	\$ 10,000
• Accounting Software	\$ 10,000
• 2 nd floor HVAC Unit	\$ 8,000
• Staff development	\$ 5,000
• Staff Equipment	\$ <u>4,000</u>

TOTAL \$ 202,000

Under League policy, categorical reserves are required to be 33% of the approved operational expense budget. For FY 2016, the projected minimum requirement of 33% is \$1,249,479. With these expenditures, the FY 2016 ending reserve balance is projected to be \$1,838,586.

League Dues Formula

The dues formula policy mandated by the League Board automatically follows the Fiscal Data Abstract Formula obtained from the California Community Colleges Chancellor's Office. The formula includes: a basic services fee for each district/college, a percentage of the district's state general apportionment, local property tax revenues, student fees for the preceding fiscal year (up to a certain level and a lesser percent for the revenue above that level), and a maximum dues level. Each year the formula is determined and acted on by the Board.

The dues formula is based on the most recent complete fiscal year data, which for this year is 2014-15. The basic services fee, which was last increased in 2001-02, continues unchanged.

The proposed dues formula for FY 2017 increases dues revenue by \$46,660 (2.87%) from the FY 2016 Approved Budget. Dues continue to be a minority of the association's revenue (42%), and the change in dues over the ten-year period will be less than the growth in community college revenue.

The Dues formula from the CA Community Colleges Chancellor's Office includes:

1. A basic services fee of \$800 for each district, plus \$800 for each college in a multi-college district
2. Plus .000325 times the district's state general apportionment and local property tax revenues, up to \$60 million for the preceding fiscal year (as reported in the Chancellor's Office Fiscal Data Abstract and 2014-15 Recalculation)
3. Plus .000175 times the district's state general apportionment and local property tax revenues in excess of \$60 million

This results in an average dues increase of \$648, with 59 districts paying higher dues and 13 districts paying lower dues in FY 2017.

**The dues enrollment pattern for 2015-16 anticipates the dues increase to be low to moderate.

Issues for Consideration

- Does the budget provide adequate support to fulfill the mission of the League and the work of the CCCT and CEOCCC Boards?
- Is the budget based on reasonable projections (such as membership, conference attendance, cost changes, interest, success of new programs, etc.)?
- Are adequate resources provided to enable initiatives to be implemented as need arises?
- Does the budget allow for flexibility for the President & CEO to make adjustments?
- Are appropriate resources provided/available to address unanticipated services or actions the League may need to provide or take to meet member and association needs?
- Is the staff compensation fair, sufficient and competitive so as to maintain high quality staff or to attract replacement staff members if openings occur?

6/10/2016

16-17 Proposed Budget-Summary

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA
Budget Summary
LEAGUE OPERATING BUDGET

	2015-16 Budget	2015-16 Actual thru 6/3/2016	% of Budget 100%	(Over)/ Under	2015-16 Projected	2016-17 Proposed Budget	\$ chg from FY16 Budget	% chg from FY16 Budget
REVENUE								
Net Income from Prior Year						\$ 254,436		
Dues	1,628,000	1,628,268	100%	(268)	\$ 1,628,268	\$ 1,674,660	\$46,660	2.87%
Corporate Partners	100,000	118,000	118%	(18,000)	\$ 118,000	\$ 118,000	\$18,000	18.00%
All Convention/Workshops	710,300	816,947	115%	(106,647)	\$ 784,160	\$ 792,800	\$82,500	11.61%
League on Call	5,000	2,761	55%	2,239	\$ 2,761	\$ 2,500	-\$2,500	-50.00%
District Services Program	1,324,500	1,451,592	110%	(127,092)	\$ 1,497,768	\$ 1,441,550	\$117,050	8.84%
Publications	5,500	5,903	107%	(403)	\$ 6,706	\$ 6,400	\$900	16.36%
Rental Income	14,742	13,514	92%	1,229	\$ 14,742	\$ 14,742	\$0	0.00%
Interest	75,000	25,891	35%	49,109	\$ 30,000	\$ 35,000	-\$40,000	-53.33%
Change in Investment Value	0	(23,485)		23,485	\$ -	\$ -	\$0	
Total Revenue	3,863,042	4,039,391	105%	(176,349)	\$ 4,082,405	\$ 4,340,088	\$477,046	12.35%
EXPENSES								
All Boards	77,450	86,269	111%	(8,819)	\$ 99,700	\$ 112,000	\$34,550	44.61%
All Committees	9,000	8,364	93%	636	\$ 9,560	\$ 19,500	\$10,500	116.67%
Corporate Partners Program	30,000	30,623	102%	(623)	\$ 30,623	\$ 30,000	\$0	0.00%
All Convention/Workshops	645,000	719,143	111%	(74,143)	\$ 736,008	\$ 788,402	\$143,402	22.23%
League on Call	3,000	1,000	33%	2,000	\$ 3,000	\$ 2,000	-\$1,000	-33.33%
District Services Program	422,200	460,808	109%	(38,608)	\$ 521,838	\$ 540,783	\$118,583	28.09%
Publications	44,500	23,386	53%	21,114	\$ 29,936	\$ 28,500	-\$16,000	-35.96%
Website & Assoc. Mgmt.	3,600	-	0%	3,600	\$ 3,600	\$ 3,600	\$0	0.00%
Staff Salary & Fringe Benefits	2,096,000	1,711,131	82%	384,869	\$ 1,855,734	\$ 2,030,678	-\$65,322	-3.12%
Staff Travel	59,000	56,118	95%	2,882	\$ 60,605	\$ 67,000	\$8,000	13.56%
Staff Developmet & PR	31,500	48,341	153%	(16,841)	\$ 48,972	\$ 34,000	\$2,500	7.94%
Office Operations	193,600	164,117	85%	29,483	\$ 184,067	\$ 185,300	-\$8,300	-4.29%
Professional Services	73,000	52,134	71%	20,866	\$ 60,132	\$ 67,000	-\$6,000	-8.22%
Memberships	3,500	2,180	62%	1,320	\$ 2,000	\$ 2,000	-\$1,500	-42.86%
Other	94,950	70,618	74%	24,332	\$ 104,068	\$ 102,450	\$7,500	7.90%
Total Expenses	3,786,300	3,434,234	91%	352,066	\$ 3,749,842	\$ 4,013,214	\$226,914	5.99%
NET INCOME	76,742	605,157	789%	(528,415)	\$ 332,563	\$ 326,874	\$250,132	325.94%

[16-17 Proposed Budget-Detail.pdf \(134 KB\)](#)

[16-17 Proposed Budget-Summary.pdf \(76 KB\)](#)

[Dues 16-17 Spreadsheet.pdf \(79 KB\)](#)

[FY 17 Budget Report.pdf \(125 KB\)](#)

[16-17 Proposed Budget-Reserves06.15.16.pdf \(73 KB\)](#)

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