

EL CAMINO COLLEGE Planning & Budgeting Committee
Minutes Date: August 6, 2020

√	Jose Anaya - Community Advancement	√	Haseeb Khan - ASO, Student Rep
√	Julie Bourlier – Administrative Services		Gary Robertson - Campus Police
√	Amy Grant - Academic Affairs		vacant - Management/Supervisors
√	Iris Ingram – Chair (non-voting)	√	Greg Toya - Student Services
	Kelsey Iino – ECCFT	√	Josh Troesh – Academic Senate
	David Mussaw – ECCE		Viviana Unda – Co-Chair (non-voting)

Alternate Members: D. McClelland, A. Nasatir

Support: J. Hinshaw, J. Miyashiro, A. Sala, R. Miyashiro,

Other Attendees: G. Ou, V. Palafox, M. Blake

The meeting was called to order at 1.05p.m.

1. Agenda Review

The committee moved and seconded the approval of the agenda for today’s meeting. The committee accepted the agenda as presented with no objections.

2. Approval of Minutes – July 23, 2020

After review and notation of corrections requested, the committee moved to approve the July 23rd minutes with no objections.

3. Recommendations regarding budget reductions w/cost figures

Iris shared with the committee the anticipated reductions that the committee discussed and has attached the dollar amount to them. The bottom line right now is \$7.2M there is still some items that we are looking at, because we did not have all the cost data yet, but we are working on it. Other items that were mentioned, but still need to be negotiated with the unions and vendors:

- a. The cash in lieu of insurance payments we did calculate at \$127,260.
- b. Furlough days cost for classified (\$1.1M) and for faculty (\$1.95M).
- c. Reducing our employee health insurance to the retiree level could have a savings of \$4M.
- d. Increasing class cap size, it helps because it generates more revenue without additional costs. *(Note: This committee could recommend a conservative number that raises all class caps by two to three students. We can quantify that and then that is something the administration can aim for and try to negotiate. This does not bind anybody, it just give Cabinet and President someplace to go when they sit before the board and say these are our alternative. The committee suggested adding two additional students to class caps size).*
- e. Program discontinuation, will need to go to Academic Senate for their input then to the union.
- f. Suspending some team sports. It depends on what sports are selected in terms of what costs savings would be realized. Cost of not buying equipment or hiring of part-time coach).
- g. Cost for reducing the copiers and printers. We have been working on that for a couple of months and dealing with the vendor. The problem is we have an existing contract and the vendor is being aggressive on the need to reduce the number copiers on site.
- h. Closing the Marsee auditorium, we are also looking at what cost savings would be there in terms of utilities, but we are also looking at other areas, where the Marsee needs to be open.

Question: Regarding faculty furloughs, if it is eight days, how will they provide those eight days of required instruction to students? How does that work?

Answer: we will have to look at when the faculty is not in the classroom, but it really was less about the days. What we would negotiate with faculty the equivalent salary reduction. One the alternatives which was not listed in the budget reduction document because it didn't come up

from the committee is to freeze step in column for next year for everybody, but since that didn't come up from the committee, it was not listed. We calculated that amount to be \$1.9M for the entire campus; again, that is a negotiated item.

Question: What is the cost of adjunct faculty?

Answer: It depends on how many courses, they are teaching, where they are on the salary scale based on their level of education and experience, the number we use is with \$7,900, which is the number from last year and since there's no COLA we would still use the same number. We spent a little under \$20M on part-time faculty for FY2019-20 with other employer paid expenses, other than health & benefits. The adjunct faculty also include counselors, librarians, and not just faculty in the classroom.

Question: Does enrollment numbers figure into our revenue.

Answer: It does, but not immediately, our revenue is based on the student centered funding formula on a rolling three-year average. Therefore, if we do not make our enrollment for fall 2020 it is averaged with our enrollment from the prior year and the enrollment of the year prior to that. Then next year's enrollment for fiscal year that will be part of that three-year average. Therefore, it always moves forward a year, one year can hurt, but it is mitigated by the other two years now. If we are consistently down every year and yes, eventually it is going to make a difference on our apportionment revenue, since 70% is enrollment and the other 30% is based on our demographics and performance. FTES does has a major impact and it still matters.

Question: We are still focused on the \$14M in cost savings.

Answer: That is the current year projected deficit, if nothing else changes. We did find a few more pennies at year-end close. We are still looking at cutting down expenditures based upon what we did not spend last year. We are anticipating that we are going to have an even bigger deficit starting next fiscal year. Therefore, we need to make sure that we have enough money to get us through the end of next year because of our deferrals; over half of our anticipated revenue in the current year is being deferred so that means we have to have enough cash to get through to the end of next spring.

Question: The faculty are going to be hit with class caps; eight days furloughs, pay cut etc., all of these items come together?

Answer: No, it would not be additive, we have to find some combination of reductions that will get us close to \$14M. We do not need to be exactly at \$14M, because we can take some money out of reserves. However, the risk of depending on reserves is that, given that the state is deferring our income, we are not getting cash for the first four months,

Question: Are we planning to borrow money through TRANS and are we going to tap into our surplus?

Answer: TRANS is an option that we are looking at along with all community colleges.

- Half of our anticipated revenue is being deferred and that includes having our budget cuts. If we balanced the budget with the \$14M, we would still look at TRANS potentially;*
- What is preferred is that if we borrow from ourselves, we have a couple of special funds that are restricted, but we would have to pay it back within the same fiscal year. If we borrow through TRANS, we will still have pay it back in the same fiscal year with interest;*
- The only thing that has been discussed with this committee and the campus is the deferrals for the current year FY2020-21, but there is a list of deferrals that have been contemplated for FY2021-22;*
- The concern about using our reserves is that we have to be able to get through to the end of the year and still we will need to look at potentially taking out a TRANS. What we are trying to do is push out the time where we might have to look at borrowing to beyond this fiscal year. Therefore, we need to make these cuts and that prolongs our need to dip into our reserve or borrow until the end of spring, which would put us into next fiscal year;*

- *We cannot borrow right now in lieu of cuts, because then we are in deeper trouble;*
- *We are continually looking at our cash flow and updating those numbers; right now we go through about \$11M to \$12M a month for payroll, benefits, retiree benefits, and the basic bills per month. At that rate, we would have gone through our reserves in two months. We would be, broke if we had to totally rely on our reserves for two months. Our deferrals equal four months, so that is why we are trying to come up with the savings.*

4. Final Adoption Budget 2020-21

This document is stamped draft because we are still working on it. We are still updating some the SCFF information because those number have changed. The only other spreadsheets that are not included, because we are still working on them are funds 12 through fund 79.

- I. Assumptions (*assumptions page, it says FY2019-20, it is to read FY2020-21 assumptions. Nevertheless, the numbers for unrestricted general fund balance are accurate*):
 - A. Estimated 2020-21 Beginning Fund Balance: \$ 34,199,211
 - B. Estimated Revenue including Federal, State and Local Sources: \$ 136,807,021
 - C. Zero percentage COLA Increase to FTES Revenue: \$ 0
 - D. Interfund Transfer In from Fund 16 to cover 2020-21 cumulative increases to PERS and STRS rates: (\$3,077,868)
 - E. Budget the General State Apportionment based on generation of 18,251.20 FTES using 3-year average FTES (*our revenue that 70% is based on the three-year average of FTES*)
 - F. Step and Column Movement: (*so we are talking about \$1.8M if we were, for example, freeze step and column*)
 - a. Certificated: 1.75%: \$ 1,004,914
 - b. Classified: 1.30%: \$ 358,514
 - c. Fringe: \$ 581,383
 - G. Pension Contributions:
 - a. Public Employee Retirement System (PERS) Increases by 0.979% to 20.700%: \$ 298,076
 - b. State Teachers Retirement System (STRS) Decreases by 0.95% to 16.150%: -\$ 557,384
 - c. Budget for projected utility cost increases of 2% over 2018-19 projected costs: \$ 98,700
 - H. Budget for three new full-time faculty positions: \$ 414,059 (*one of the items that we are going to be able see savings of \$400,000, because we do not have to meet FON for fall of 2020*)
 - I. Budget for Interfund Transfers Out (*out of \$1.5M to various expenses and fund 12. Same thing for property and liability insurance, which is our fund 62, which is to pay our premiums. Money from Federal government goes into fund 11 and it gets fund 74 for student financial aid*)
 - a. \$ 1,530,000 to Fund 12 - Restricted General Fund
 - b. \$ 1,452,271 to Fund 62 - Property & Liability Insurance Fund
 - c. \$200,000 to Fund 74 - Student Financial Aid Fund
 - J. Projected 2020-21 Expenditures: \$ 146,220,503
 - K. Projected 2020-21 Ending Fund Balance: \$ 24,157,237

Page 10 - shows the detail of our unrestricted general fund. The light green bars represent our apportionment in the area with the most FTS portion of our revenue.

Page 11 - the top of this page shows the transfers from Fund 14, 15 and 16 for the current fiscal year, those are zeroed out because that is the Compton money and that money is gone. Previously, the college was making decisions to charge all technology costs to the Compton money. Since we no longer receive those funds, the ongoing technology expenditures (software renewals) are being moved into fund 11 and if we can attribute it to a specific program, we are off setting it with fund 12.

Page 11 - the salaries are shown for full-time academic salaries, full-time non-teaching (counselors and librarians), other scheduled teaching faculty on special assignments, special assignment. Classified salaries, classified non-classified temporary workers,

which includes our TNC's line item 23. Lines 31 and 32 are staff benefits (STRS & PERS). Unemployment insurance is going to go up in the current year because of federal stimulus, the \$600 weekly payment.

Page 11 - The book supplies and materials is one of the areas where we did look at and calculate cuts to the extent of 25% to 30% so the books supplies and materials sub grouping and then the contract service and operating expenses, we took those two numbers together and cut about 30% per VP area.

Page 11-12 – Capital outlay is our block grant and equipment that is used by facilities in terms of equipment repair and the equipment they buy for the upkeep of the campus.

Page 12 - And other expenditures is the accounting clean up sheet that shows the various fund transfers to offset funds.

We anticipate having an ending fund balance of about \$24M. It depends on what our audited figures are for fiscal year ending June 30. We are still getting invoices and finding things that we did not buy so those costs are being offset against savings that we have found. However, we anticipate that once the audit is completed, we will still have an ending balance of about \$24M, which is the equivalent of about two month's cash.

II. *Appendix Pages:*

- a. This is other information that we update every year, its historical information, hopefully by next year in the spring or earlier, we will bring the budget book to PBC to make major revisions. Therefore, this committee will get to decide what it is they want to put in the book.
- b. In this year's budget book, some of the background information is appropriations, GANN limit, enrollment, position control (*full-time staff budgeted by VP and President Area by division and type*), bond fund expenditure as of June 30th, categorical program fund 12 (*grants and all specially funded programs*) COLA, lottery distributions, enrollment fees history, non-resident tuition, interest rates, and FON.
- c. Professional membership (*reducing a number of them in order to save costs, but some cannot be reduced because of the benefit they bring to us or that membership is required*).
- d. 50% law (*college districts as well as K12 are required to spend at least 50% of their current expenses on classroom items, such as classroom instructors and other related items. This current year, we are being allowed to exclude the additional costs that we have incurred because of the COVID -19 virus*).

Motion was made and seconded that the Planning and Budget Committee has reviewed and preliminarily approved moving the final draft of the final adoption budget for FY2020-21 to College Council and then on to the Board of Trustees with the understanding that there are certain parts of it that are going to get changed as we update and find errors.

5. Other Discussion

Next meeting will be on August 13th

6. Adjournment

It has been moved and seconded that we adjourn the August 6th meeting. The meeting adjourned at 2:31p.m.