



# EL CAMINO COMMUNITY COLLEGE DISTRICT

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June 10, 2009

Board of Trustees  
El Camino Community College District

2009-2010 Tentative Budget

## Background

Since the May 18, 2009, El Camino Community College District Board of Trustees meeting, many community college policy and financial guidelines have changed and remained the same. As the previous sentence is confusing, it is far less so than community college finance for 2008-2009 and 2009-2010.

Clearly, global, national and state fiscal crises have created great uncertainty and cause much anxiety. Nevertheless, as stated at your May Board meeting, El Camino College must adopt a tentative budget to initiate spending opportunities for the 2009-2010 fiscal year which begins July 1, 2009.

The State of California budget deficit is now pegged to rise above \$24 billion and span the 2008-2009 and 2009-2010 fiscal years. Governor Schwarzenegger's administration has proposed a series of possible revenue increases as well as appropriation decreases for all agencies. These plans are now under review in the California State Legislature. The State is also facing a cash flow problem by the end of July. If all of these situations are true, there is some hope for policy and financial guidelines earlier rather than later.

As you may recall in the discussion of the tentative budget at the May 19, 2009, Board meeting, it was recommended that the Board receive the tentative budget as presented while the El Camino Community College District budget process continued to identify potential changes to present for the tentative budget adoption at the June 18, 2009, Board meeting. In April, El Camino College initiated emergency budget planning processes which included a directive to increase revenue or decrease appropriations by approximately \$5 million in the General Fund Unrestricted (Fund 11) and approximately \$5 million in the General Fund Restricted (Fund 12).

Subsequently, a whole series of information updates have been published throughout the community college system validating much of our original estimates. Therefore, the Superintendent/President recommends that the Board adopt the tentative budget as presented with adjustments contained in this letter.

All of the proposed reductions for community college finance are only estimates at this time. Therefore, the El Camino College administration recognizes the need to keep the Board of Trustees and its community informed of any changes that may occur even before presentation of the El Camino College final budget scheduled on Tuesday, September 8, 2009. In an effort to keep everyone informed of budget changes throughout the summer, a budget update page may be accessed on the web site at [www.elcamino.edu/budgetupdate](http://www.elcamino.edu/budgetupdate).

### California Community College Chancellor's Direction

On May 20, 2009, California Community College Chancellor Jack Scott recommended (attachment 1) that community colleges realize the Governor's budget proposals are not final and there is little promise of relief from the federal stimulus package. He did advise, however, that Districts should:

1. Reduce course sections.
2. In most cases, do not replace resignations and retirements.
3. Reduce administrative costs by having fewer administrators oversee larger areas.

He went on to recognize that while we must communicate the difficulty of the situation, we should also attempt to negotiate savings from faculty and staff to prevent layoffs. Community colleges will not be spared in sharing the grief associated with this crisis.

Later in May, the Community College League of California (CCLC) produced an estimate of the impact of the proposed cuts for each California Community College District. El Camino's estimated share is presented in attachment 2. Please note that some of the cuts occur in the current year, however, the greater proportion are proposed for 2009-2010. While 14.7% cuts in 2008-2009 categorical funds presents a significant problem, 58.8% cuts to categorical funds in 2009-2010 is devastating.

### El Camino College Planning Assumptions

Guiding assumptions for the 2009-2010 tentative budget include:

1. Continue to reflect the goals in the El Camino College Master Plan.
2. Offer a comprehensive program with academic integrity and balanced student support services.

3. Maintain a fiscally responsible long-term vision.
4. Optimize Full-Time Equivalent Student (FTES) at approximately 20,000.
5. Commit to retain support of permanent regular employees.
6. Manage reserves with the goal of maintaining 5% to 6% reserve for contingency throughout a four-year period of fiscal changes.
7. Use planning, evaluation and assessment processes in reviewing programs.
8. Another fundamental assumption is the \$20 per unit mandated enrollment fee will not change. Recently the Legislative Analyst's Office proposed raising the fee to \$60 per unit. Such action would temporarily devastate student access.

Unrestricted General Fund (Fund 11)

It might be instructive to review the previous budget reduction proposals as shown in an excerpt from the December 15, 2008, Board Agenda and an article in the *President's Newsletter*, January 28, 2003, attachments 3 and 4.

Approve the following changes to the previously published tentative budget.

1. \$500,000 Capital Outlay. Eliminate Capital Outlay appropriations in the Unrestricted General Fund. Identify any alternative sources of funding to support high priority Capital Outlay appropriations.
2. \$300,000 Supplies and Services. Specific reductions will be identified in each Vice President's area.
3. \$200,000 Superintendent/President's Contingency Account. Although seldom used, this account will go from \$300,000 to \$100,000 to support any unforeseen events in the 2009-2010 fiscal year.
4. \$300,000 Eliminate Scheduled Maintenance and Instructional Equipment Matching Funds. State Chancellor Scott believes that matching requirements for these two accounts will be eliminated at the State level.
5. \$100,000 Reduce Center for the Arts. The Center will review its schedule for specific budget cuts.

6. \$200,000 Adjust Health and Welfare budget. Employees' Health and Welfare budget increase appears to be smaller than originally anticipated according to Public Employees Retirement System (PERS) health care coverage.
7. \$200,000 Increase grant and contracts income to the Unrestricted General fund. Recognize indirect income estimates in Unrestricted General fund for grants and programs budgeted previously in other funds.
8. \$200,000 Adjust budget for pre-retirement positions. Known pre-retirement positions are undergoing budget refinements.
9. \$500,000 Vacant Classified positions. Selectively freeze a number of regular classified positions. Both unit and management positions.
10. \$400,000 Vacant Academic positions. Selectively freeze a number of Academic positions. Both unit and management positions.
11. \$100,000 offer voluntary leaves without pay. Explore reductions in salary accounts by offering voluntary leaves without pay.
12. \$100,000 Reduce non-contractual release time. Restrict release time appropriations for a number of activities.
13. \$1,000,000 Reduce part-time classified and casual salary appropriations. Significantly restrict appropriations for classified, student worker and casual allocations.
14. \$700,000 Part-time Academic salaries. Reduce part-time academic salaries. Eliminate a number of course offerings throughout the 2009-2010 academic year.
15. \$200,000 Eliminate sabbatical leaves. Collectively bargain to forego sabbatical leaves.

Restricted General Fund, Fund 12

Eliminate 50% of certain appropriations in the restricted general fund.

Transfer from Special Project Fund, Fund 15, and Other Funds.

Approximately \$3 million appropriation will be allocated to assist categorical programs and to fund items prioritized through the planning process.

1. \$430,000 Matriculation program. Matriculation is a long-standing appropriation for admissions, orientation, counseling and assessment. We will be unable to maintain all the permanent, regular employees, therefore, this appropriation will cover the salaries and benefits of employees and provide minimal support for the matriculation program in Fund 12 to maintain staffing and services.
2. \$550,000 Disabled Students Programs and Services (DSPS). The program is unable to fund regular permanent employees and provide legally mandated services. This transfer to Fund 12 attempts to accomplish both of the previously mentioned goals.
3. \$55,000 Accreditation Support. Continue appropriations in support of Accreditation recovery plan, primarily to support program review.
4. \$5,000 Financial Aid Software. Increases on-line access to financial aid.
5. \$20,000 Student Learning Outcome clerical support. Provide clerical support throughout the year for Student Learning Outcome documentation.
6. \$39,000 Athletic support. Provide gym support and athletic transportation.
7. \$6,000 Admissions and Records hourly staff increases. Provide support for scanning backlog of documents.
8. \$5,000 Professional Development. Provide minimal increases to professional development activities.
9. \$900,000 Provide for the early transfer to the Retiree Health Benefit fund in compliance with generally accepted recommended GASB requirements.
10. \$12,000 On-line Application Process. Provide funding sources for California Community College Apply function.
11. \$30,000 Part-time Classified/Counseling support. Supplement services for F-1 Visa student office by providing additional classified/counseling funding.

12. \$22,000 Building and Systems. Mandatory new inspection for physical plant.
13. \$13,500 Provide funding for Natural Sciences maintenance contracts.
14. \$10,500 Licenses. Support the increased cost for on-line licenses for West Law Services and ABA approval.
15. \$28,000 for books and periodicals and other supplies. Augmentation necessary for library collection updates to augment law library.
16. \$100,000 Library books. Minimum allocation for library book and periodical increases.
17. \$336,000 2009-2010 for Student retention project. Provide appropriations for a number of student retention projects. Enrollment management First-Year Experience, Honors Program, Project Success and Puente.
18. \$260,000 Extended Opportunity Program and Services EOPS/CARE. Provide allocation for 2008-2009 State budget cuts for EOPS and CARE.
19. \$244,000 Disabled Students Program and Services (DSPS) Provide appropriation for projected 2008-2009 shortages for DSPS.
20. \$31,500 Matriculation. Provide funding for 2008-2009 shortages for Matriculation appropriation.

#### Other Considerations

This current projected funding reduction makes this tentative budget far more uncertain than at any time since 1978 and the passage of Proposition 13.

As Legislative hearings progress, some categorical programs (specially funded programs) are receiving more support and some less support, resulting in budget development progressing in a three-dimensional virtual reality.

The Board's adoption of these recommendations and the appropriations contained in the tentative budget document will provide a basis for the initiation of a difficult academic year. Consideration may also be given to eliminating the winter session and starting the

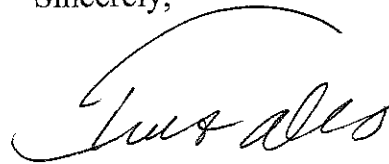
June 10, 2009

spring semester in early January. Administration is also examining efficacy of a retirement incentive program.

Hiring of part-time, temporary casual employees is progressing slowly even though authorizations have been established for the starting dates beginning July 1, 2009.

Uncertainty dictates caution.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tom Fallo", with a large, sweeping flourish above the name.

Thomas M. Fallo  
Superintendent/President

TMF/kao

**D. BUDGET REDUCTIONS**

It is recommended that the Board of Trustees authorize the Superintendent/President to implement the budget reduction strategy as outlined below.

<u>\$ Millions</u>	<u>Source</u>
\$1,000,000	Special Contract Funds
\$1,300,000	Unfilled Funded Vacancies
\$ 600,000	Reduce Faculty Hourly
\$1,100,000	Reduce Hourly
\$160,000	Temporary Legal Settlement
\$470,000	Income & Budget Recognition of International Student Fees
\$ 35,000	Health Fee Transfer Out of Unrestricted General Fund Expenditure
\$200,000	Reduce Capital Outlay Expenditures
\$200,000	Reduce Capital Construction Project Match
<u>\$ 80,000</u>	Reduce Instructional Equipment Match
\$5,145,000	Total

## ECC Budget Update

Since the last President's Newsletter in December 2002, the Governor's proposed budget cut for community colleges has increased from \$214 million to \$288 million.

The Assembly and Senate have been meeting for the past few weeks to determine whether or not they will support the Governor's proposal or recommend an alternative proposal. At this date, each house of the Legislature has a different proposal.

The Senate and Assembly will each bring their proposal to a joint committee with representatives from each house, and negotiate until they reach agreement on their budget reduction proposals. A concurrent proposal then goes to the Governor, who indicated that he would like to finalize the state budget reductions for 2002-03 no later than January 31, 2003.

Although the state budget reductions are in flux until the Legislature and Governor finalize the cuts, we are preparing to reduce our current year budget by \$3.1 to \$4 million between now and June 30, 2003, when the current fiscal year ends.

The proposed actions to deal with the midyear reduction measures for El Camino College's 2002-03 budget include:

1. ask collective bargaining agents to consider reopening contracts
2. not hiring any full-time faculty members for 2003-2004, as identified through the Faculty Identification Priority Committee process
3. continue the hiring freeze on most positions
4. reduce section and course offerings in spring semester
5. eliminate most funding for Partnership for Excellence projects
6. significantly reduce temporary project administrators
7. significantly reduce temporary classified employees
8. significantly reduce casual employees
9. significantly reduce assignments for student workers except those included in employee contracts – federally funded college work study assignments will continue
10. significantly reduce district-funded travel with exception of federally mandated and federally funded travel
11. eliminate most "acting" assignments – employees to return to original assignments
12. eliminate most working-out-of-classification assignments – employees to return to original assignments
13. eliminate overtime; limit use of compensatory time; compensatory time to be used within time periods specified in employee contracts
14. significantly reduce most release time unless contractual; faculty return to teaching assignments

To assist the college in reaching our goal of reducing expenditures by \$3.1 to 4 million, the proposed reduction measures will approximately equate to the dollar amounts below.

• Partnership for Excellence	\$1.4 million
• Spring Section Reductions	\$1.0 million
• Hiring Freeze	\$ 250,000
• I&T Affiliate Programs	\$ 90,000
• <u>Reductions to be identified*</u>	<u>\$1.2 million</u>
<b>TOTAL</b>	<b>\$4.0 million</b>

(Please note these numbers are best estimates at this point in time.)

\* "Reductions to be identified" include temporary project administrators, release time, casual and temporary classified employees, student workers, contractual services, materiel contracts and District reserve funds.

Cutbacks in all areas are going to occur. Student services, access and programs will be affected. Every effort is being made to lessen the severity the reductions will have on student access. We know the restrictions imposed by the state budget cuts will impact our efforts to support student access and student success, however we remain committed to our responsibility to serve our students and to provide them with an excellent learning environment.

Retaining our permanent staff remains a primary priority, as well as preserving the base salary for those positions. The dedication and hard work of all El Camino College employees is deeply appreciated. Regrettably the budget limitations require us to take a hard look at all positions.

The future beyond the current budget year does not bring much good news. The Governor has proposed reducing the community college budget by an additional \$249 million for 2003-04, which will mean even deeper cuts at El Camino College for the 2003-04 budget year.

While the Governor's 2003-04 budget proposal includes a proposed student enrollment fee increase, these funds go directly into the state general fund – community colleges do not realize any of the revenue generated by the increase in fees. Our higher education counterparts, the University of California and California State University systems, however do keep the revenues generated by any fee increases for their systems.

These are difficult times throughout the state. We are confident that we will continue to educate the thousands of students who depend upon us. Although the state budget reductions pose a significant financial hardship for El Camino College,