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**EL CAMINO COLLEGE**  
**Planning & Budgeting Committee**  
**Minutes**  
**Date: January 19, 2012**

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**MEMBERS PRESENT**

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| <input type="checkbox"/> DeSanto, Michael – Campus Police                 | <input checked="" type="checkbox"/> Shenefield, Cheryl – Administrative Svcs. |
| <input type="checkbox"/> Natividad, Rory – Mgmt/Supervisors               | <input checked="" type="checkbox"/> Spor, Arvid – Chair (non-voting)          |
| <input checked="" type="checkbox"/> Patel, Dipte – Academic Affairs       | <input checked="" type="checkbox"/> Tomoda, Kenji – ASO                       |
| <input type="checkbox"/> Quinones-Perez, Margaret – ECCFT                 | <input type="checkbox"/> Turner, Gary – ECCE                                  |
| <input checked="" type="checkbox"/> Reid, Dawn – Student & Community Adv. | <input checked="" type="checkbox"/> Widman, Lance – Academic Senate           |

**OTHERS ATTENDING:** Francisco Arce, Janice Ely, Alice Grigsby, Jo Ann Higdon, Derek Moon, Jeanie Nishime, Michael Trevis, John Wagstaff, Will Warren

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**Handouts:** Overview of State Budget Matters packet; AB 2910 – Quarterly Fiscal Status Reports; Tax and Revenue Anticipation Note (TRAN) – 2011-12

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The meeting was called to order at 1:00 p.m.

**Approval of December 15, 2011 Minutes**

1. The minutes were approved with no changes.

**State Budget Workshop Update – J. Higdon**

1. First page of packet is overall summary of information given at the budget workshop, augmented with related articles.
2. ACBO and ACCCA Annual Workshop agenda included pension reform, student success (Dan Walters was keynote speaker), and analysis of the Governor’s budget proposal.
3. Pension Reform
  - a. Six pension initiatives are circulating for signature as of January 11<sup>th</sup>.
  - b. *Pension reform is critical* – article on the Governor’s 12-step pension reform package. Majority of package may be supported.
  - c. Warning given that propositions will impact everyone, not just new employees. Concerned that neither PERS nor STRS are protected. ERISA is federal tax code that protects pensions in private industry. The presentation almost exclusively pertained to STRS. Please share these issues with constituencies.
  - d. Indication that reform package will pertain to school employees as well as state employees. The desire is to align retirement age with social security age. In addition to what employers and employees pay, STRS also receives 2% from the state for each member.
4. Student Success Reform
  - a. Recommendation was made to cap BOG fee waiver credit units at 110. Over 500 students have 110 or more units, approximately 250 FTES.
  - b. Raise minimum GPA qualification for Cal Grant “B” from 2.0 to 2.75. Affects a small number of students. GPA requirement for community college transfers to qualify for grants increase from 2.4 to 2.75.

- c. Opinions on categorical – Many believe the proposal for all categoricals (with the exception of DSPS) to merge as an FTES count-type block grant will not happen. The proposal was not recommended by the Student Success Task Force.
- 5. Article by Dan Walters, columnist for the Sacramento Bee, points out the risks of increasing taxes on the wealthy. The rich can avoid paying higher taxes by moving out of the state or making their earnings from capital gains. A substantial amount of the state budget could be tied to the stock market rather than overall economy, making the governor’s proposal to boost the budget volatile.
- 6. 2012-13 budget proposal article from ACCCA: the governor’s proposal is contingent upon the ¼ % increased sales tax and income tax increase on single, \$250,000+ incomes. If these do not pass, other areas will be cut.
- 7. Budget Simulations
  - a. ECC – nothing changes (no COLA or growth) in Scenario ‘A’ if the governor’s budget and tax package passes. The state would pay the college on a timely basis. The tax package fails in Scenario ‘B’ and there would be a workload reduction of over 5.5% (\$4.5 million) and estimated reduction of 997 credit FTES.
  - b. Compton – there would be a workload reduction of over 5.5% (\$1.5 million decrease) and approximately 334 FTES reduction in Scenario ‘B.’
- 8. Prop 98 – Ron Bennett, School Services of California, commented that education lost revenue when a majority vote moved tax revenues meant for education to cover the state’s debt service, similar to how lottery revenues are handled.
- 9. Email regarding 2011-12 Trigger Reductions
  - a. Chancellor’s Office recently disclosed orally that the current year deficit factor was 2.5%, higher than earlier simulation. Earlier simulation assumed student fee revenues would be down \$25 - \$30 million, but is now projected to be down \$100 million. The change in Redevelopment Funds will add to this year’s deficit. Will not know the effect on ECC until the third or fourth week in February (may receive Chancellor’s Office estimate by the first or second week in February).
  - b. Audit finding reported ECC cannot claim Fire Tech 150 class FTES resulting in approximately \$500,000 the college cannot claim or receive back from the state. This is in compliance with AICPA regulations and requirement to receive a clean audit.
- 10. “A Defining Moment” from CCLC
  - a. The deficit factor for the current year could possibly be in the 2%-2.5% range. 2.5% deficit factor does not apply to workload reduction.
  - b. ECC’s BOG waiver percentage is approximately 40%; Compton is 42%-43%.

**Quarterly Fiscal Status Report – J. Higdon**

- 1. Roughly half-way through the year with the exception of academic salaries which does not include current winter session. Classified salaries are about two weeks behind or 1 to 1½ pay periods. Capital Outlay is higher – mostly spent on library books. Changes in health care benefits go into effect on January 1<sup>st</sup>. No plan increase in PERS this year.

**Mid-Year Tax Revenue Anticipation Note (TRAN) – J. Higdon**

- 1. Borrowing \$10 million in 2011-12. Last year, expended \$26,000 as IRS penalty but collected \$94,000 in interest – this is never done for arbitrage or income purposes.

**Audit Report – J. Higdon**

The audit report is currently online – members were encouraged to read it. J. Higdon will send committee members an email summarizing the audit findings. Email questions to J. Higdon/J. Ely to research answers for the next meeting.

**Non-Resident Tuition and Capital Outlay Fee rates for 2012-13 – J. Higdon**

1. Non-resident tuition rate can be applied in various ways:
  - a. Calculated rate
  - b. Statewide rate
  - c. Rates of adjacent districts
  - d. Subtract costs associated with non-credit programs – base calculations on credit programs only
  - e. Take the average of last five years
2. ECC has used the statewide average the last few years. This year the statewide average increased \$2.00, but ECC will keep the total rate the same at \$211. Capital Outlay fees used to be charged only to foreign students but now apply to all non-resident students. Santa Monica fees increased to \$240.

The next meeting is scheduled on February 2, 2012.

The meeting ended at 2:10 p.m.