
EL CAMINO COLLEGE
Planning & Budgeting Committee
Minutes
Date: May 17, 2012

MEMBERS PRESENT

- | | |
|---|---|
| <input checked="" 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, Katie Gleason, Alice Grigsby, Jo Ann Higdon, Kelsey Iino, Ken Key, Russell Levine, Jeanie Nishime, Emily Rader, Regina Smith, Michael Trevis, John Wagstaff, Will Warren

Handouts: Five-Year Budget Assumption Projection Details (Draft Grid); 2012-13 State Budget Overview May Revise Webinar; 2012-2013 Tentative Budget (May 21, 2012); Draft ECC Unrestricted General Fund FY 2012-13 Grid

The meeting was called to order at 1:05 p.m.

Approval of May 10, 2012 Minutes

1. Health insurance numbers are usually known by September-October. May know about liability and property insurance in a few weeks.
2. The minutes were approved with no changes.

Five-Year Budget Assumption Grid – J. Ely/J. Higdon

ACCJC requires ECC to provide five-year budget projection for both campuses. PBC reviewed and provided input on several items on grid in previous meetings, but requested Fiscal Services to provide recommendations on remaining items (shown in color):

1. Line 12 – *PERS Employer Rate* is increasing by .887% in 2012-13; projected increase of .8% - 2% in the next three years is based on historical rate increases.
2. Line 14 – *Election Expense* for 2011-12 was \$1.1 million. No elections in 2012-13. Two board member terms expire in 2013-14. Recommendation was made to verify information with Ann Garten because of ECC redistricting. General Election may not be needed if members run unopposed.
3. Lines 17 and 18 – *Insurance* numbers are best estimates given (workers' comp 5%-8% increase in next four years; liability insurance increase 2%-3% in the four years).
4. Line 13- currently no changes to *STRS Employer Rate*. Actuarial studies indicate STRS would need to increase dramatically over the next few years which would require special legislation.
5. Line 16 – no changes to *Utilities*. Savings from Central Plant not yet known. Savings could offset utility increases.
6. Estimated FTES range 17,951-17,144 in column C due to potential 6% (750-850) decrease in FTES.
7. Grid will be dated May 17, 2012.

2012-13 State Budget Overview May Revise Webinar (May 15, 2012) – J. Higdon

1. Webinar was provided by CCLC and Chancellor's Office.
2. Page 7 – retrospective reminder of 2011-12 budget including \$400 million ongoing general fund cut and \$36 per unit fee increase. January mid-year actions included additional \$102 million cut, \$46 per unit fee increase in summer, and effective ongoing cut of \$385 million.
3. Page 8 – continued threats in 2011-12: apportionment shortfall could go below projected student fees and property taxes; started at \$179 million cut (February surprise). Now projected at \$129 million due to San Mateo becoming basic aid district. Basic aid is when a district does not receive state apportionment because it has enough funds from fees and property tax revenue in their district. There is still a \$116.1 million redevelopment issue.
4. Page 9 - shows difficulty in balancing a State General Fund with \$8.3 billion in cuts.
5. Page 10 – shows different projections of revenue generated if tax proposal passed. Tax proposal may not be enough to avoid further cuts.
6. Page 11 – in 2007-08, Prop 8 funding level was \$56.6 billion. Prop 98 funding from State of California general fund guaranteed for K-12 and community colleges. Funding will not be back to same level until 2014-15.
7. Page 14 – shows scenarios if tax proposal passes or not. Either scenario includes \$28/FTES mandated block grant program.
8. Page 16 – Technical adjustments. \$341.2 million of 2012-13 funds are from “expected” redevelopment money. Increase in estimated fee revenue from elimination of “dollar of need” (BOG fee waivers) – reduction of about \$20,000 statewide.
9. Page 17 – current budget proposes categorical flexibility – lumping together funds for student service purpose except DSPS, Foster Care, and Telecommunications and Technology Infrastructure Program (TTIP). ECC and CEC does not qualify for Child Care Tax Bailout.
10. Page 18 – In agreement with governor's call for new revenue (reminder: no campaigning for tax proposal on district property or on district time). Foregone almost 16% of COLA. Tax measure would restore Prop. 98 to 2007-08 funding levels in 2014-15. Manipulation of Prop. 98 is considered unconstitutional, inappropriate, unethical, etc. Some investment with tax proceeds considered a ‘positive trigger.’ Consolidation of categoricals this year not a good idea. Does consolidation of categoricals have a set end date? J. Higdon will find out next week.
11. Page 19 – Budget Risks.
 - a. Revenues highly variable. Planning will be difficult. 6% workload reduction will be decided in November making it difficult to plan which semesters to cut courses. Workload reduction refers to reduced funding and will impact the number of courses offered. 260 classes could be cut from summer 2012. Many districts have already dropped summer session.
 - b. Discussed the difficulty students have when planning for classes that may be cut. To plan effectively, students need to know early on when/which classes will be cut. Is it better to take 260 classes out of the schedule now and reinstate them when funding comes in? That's a tough question. Still may see cuts even if tax proposal passes. Is there a contingency plan? Waiting for May revise to have a sense of funding for next year. Not sure of impact of cuts at this time. May have to adjust size of summer downward and maybe fall. Two opportunities before summer/fall begin to take load off of winter/spring. Can prioritize critical courses based on student need.
 - c. Redevelopment funds may not materialize in current year or in future budget years.
 - d. Fees will increase to \$46/unit in summer – more students are qualifying for BOG waivers creating student fee shortfall. Will ask next week if there is a limit to BOG waivers given. 110-unit limit to qualify for BOG waiver may have been taken out of consideration.

- e. Special caveat allows districts bordering other states (i.e. Tahoe-Nevada) to allow students from other states to pay in-state fees. Proposal to triple neighboring state student fees to \$138/unit may reduce enrollment in these districts.

Draft Tentative Budget 2012-2013 – J. Ely/J. Higdon

1. Slight changes in tentative budget discussed in last week's meeting - now includes Bookstore fund, edits to footnotes, letter from the President, and tentative budget assumptions. Does not contain funds 14 and 15; funds 14 and 15 will be brought to PBC before the Board votes on the tentative budget in June.
2. Page 6 – footnote t) estimated 2012-13 savings: budget to actual, and footnote u) Potential negotiated reductions in expenditures. Expenditure reduction totals listed on back of grid handout by object codes.
3. Page 24 – Bookstore fund. Projected 2011-2012 ending balance is \$236,987. Bookstore is experiencing sales decline due to competition. Negative ending balance projected at the end of 2012-2013. One way to eliminate negative ending balance is reduce support to auxiliary services fund. Request was made to show Bookstore contribution to auxiliary fund over the past 10 years. Bookstore Fund numbers may change between now and June – negative ending balance may not be allowed by the County. Dramatic decline in sales projected between 2011-2012 and 2012-2013 due to loss in FTES and book vouchers. Total amount in EOP&S and CalWORKs/GAIN book vouchers have held steady and is dictated by Chancellor's Office (shown on page 13). EOP&S supports the Bookstore. Lost revenue when ECC ID cards became mandatory.
4. Tentative Budget Assumptions
 - a. Projecting \$7.3 million reduction of State apportionment for 2011-12.
 - b. No COLA applied to State Revenues for 2012-13.
 - c. Full-time salary appropriations are based on current staffing list from H.R.
 - d. No COLA salary increases in 2012-13 budget. Salary class and steps will still be honored in the budget.
 - e. Offset \$7.3 million reduction by reducing operating budget by \$4.1 million and \$2.6 million in savings from negotiable items could occur (page 6, footnote u).
 - f. Estimating actual expenditures versus budget will be \$4 million under budget (page 6, footnote t)
 - g. A minimum 5% reserve will be maintained.
5. Comment was made that it does not feel right to vote on a budget without funds 14 and 15. Funds 14 and 15 will be reviewed by PBC prior to the Board voting on the tentative budget in June. Suggestion was made to vote on the tentative budget without funds 14 and 15 today and vote again on the entire budget after reviewing funds 14 and 15. Funds 14 and 15 are in the tentative budget, but without the allocations.
6. Vote to endorse the 2012-2013 tentative budget pending the inclusion of funds 14 and 15 and any changes that may occur in the tentative budget:
 - 6 – Yes
 - 1 – No
 - 1 - Abstention

The next meeting is scheduled on June 7, 2012.

The meeting ended at 2:20 p.m.