

EL CAMINO COLLEGE Planning & Budgeting Committee
Minutes Date: April 30, 2020

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

Alternate Members: K. Iino, A. Nasatir,

Support: J. Hinshaw, B. Atane, J. Shankweiler, R. Miyashiro, J. Miyashiro, A. Sala,

Other Attendees: D. Lin, C. Jeffries, D. Maloney

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

1. Agenda Review

- Addition to the agenda, Dr. Unda will present the PBC self-evaluation survey, Dr. Unda replied that this item have been moved to the next meeting.
- It was also noted that the next meeting will not be May 21st but instead be moved to May 28th May 21st will be the Town Hall meeting on budget.

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

2. Approval of [Minutes](#) – February 20, 2020

Minutes were approved with the following change: second page third bullet from the bottom there is a comment that fiscal year 2017-18. The expenses are large, because of the \$16 million moved from Fund 11 to Fund 16 and not into OPEB.

The Committee moved and seconded the minutes of February 20th approved with the noted changes. There were no objections.

3. Consultation of the [2020-25 Making Decisions Guide](#)

Dr. Maloney presented the 2020-25 Making Decisions Guide; she thanked the committee for the invitation to this meeting.

- a) This guide ends in 2020 and College Council being the work group has put together the next guide up to 2025. The draft copies have gone to many consultation committee, with this being one of them.
- b) This guide is more streamlined then the previous one and there will be a separate planning guide, which will be a companion piece to the making decisions guide.
 - On subsequent pages you will see the outlined of principles and processes regarding governance at El Camino College, roles and responsibilities of the Board of Trustees and the Superintendent/President.
 - This document has the various consultation committees, division council, area council, advisory committees, associated student organization and academic senate along with its subcommittees.
 - Lastly, the appendix, which includes links to all of the board policies, Title 5, and links for the various consultation group and advisory groups.
 - Corrections that have been pointed out will be reflected in the final document. For example, in the appendix page we have administrative affairs, which should actually read administrative services.

- c) Updated and revised guide will help us for the next five years, with our collegial consultation process and help us understand our roles and responsibilities within it.
- d) All inputs will be compiled and College Council members will sign off on the final document and it will go to the Board of Trustees for their approval.

If there are no changes to this document, President Maloney wanted a motion to accept the making decisions document for the fiscal year 2020 through 2025. The committee moved and seconded that the making decisions document for El Camino College fiscal year 2022 – 2025 be accepted. All members voted to approve the making decision document.

4. Budget Update

Iris presented the budget update to the group. This budget information was going to be presented at the Town Hall in March, but then the stay at home order was issued, all plans were disrupted. Many changes have occurred since February. Here are some of the major highlights:

- A. Three major revenue source: enrollment (FTES), property taxes, fees and it is funneled through the SCFF metrics. Other sources of revenue are international student fees, our licenses and facilities events rental fees.
- B. Slides 3-6, shows the original proposal from the Governor’s office regarding the state budget for FY 20-21 and the new realities the state is currently facing, it is a deep recession and it is getting deeper brought on by the pandemic.
- C. FTES - Because our budget is still largely based upon our enrollment and FTES. If you see the chart ^{slide 7}, we were slowly balancing our goals to actuals. Since this pandemic hit, in terms of what our FTES is going to be effective July 1st, we don’t know. We have lost students and we do not know if they are going to come back.
- D. SCFF - This again as a reminder of what we had anticipated, the student centered funding formula metrics and the values would be. We have yet to be told what the individual metrics would be worth based on the projected COLA for the upcoming year. We do not know if we will receive a COLA for FY 2020-2021.
- E. ECC 2019-20 Unrestricted General Fund Budget (Fund 11) – The best estimate of what our budget will be starting July 1, 2020 plus COLA. The State Chancellor's Office has indicated that we should be planning on a workload budget, which is your current budget plus COLA. The legislative budget committee mentioned only three areas the state is going to be looking outside of Prop 98 and it is additional money for wildfire containment, pandemic and homelessness.
- F. 2020-21 Projected “Workload Budget” ^{slide 10}
 - a. This is a multi-year projection, the red arrows at the bottom of the page is the budget that we're planning on for July 1st. This is without any other changes, it will be a flat budget plus COLA, and we are looking at about a \$2.3 million deficit. This multi-year projection includes costs increases for step and column, normal costs of benefit increases and all the bills that we pay and absent any additional revenue.
 - b. We can cover that deficit by taking funds on a one-time basis out of reserves. We are anticipating ending the year, with about half million dollars. Therefore, at the end of the fiscal year June 30, 2021, we are anticipating that we would be about two, two and a half million dollars deficit.
- G. 2020-21 Projected 5% Reduction in Revenue -This budget is just a strict workload budget with the State cut. We will be making all of our contractually obligated payments, step and column, and other bills payment such as utilities, water, etc. We will be looking at \$11 million deficit. This does not take into account any cost savings we would institute ourselves.
- H. Comparison of Revenue vs. Expenses vs Growth
 - a. This is what our revenue vs expense has been over the last 10 years. We have always kept pace with our revenues equaling expenses and those years where the red bar (expense) has exceeded the green bar (revenue). The gaps has been filled by either using

- reserves by offsetting expenses against some of our restricted funds or some other means.
- b. FY 2017-18, the expense line is significantly higher than the revenue line; this is because money was moved from Fund 11 to Fund 16 for STRS and PERS expenses. We have used the ability to leverage one fund against special funds. We do not have that opportunity anymore, primarily because the Compton funds are no longer at our disposal.
- I. Almost 60% of our revenue comes from the State and over 85% of our budget expenses are salaries and wages.
 - J. Shared Budget Advocacy
 - a. We are part of a coalition joining to advocate on behalf of the Community Colleges to the State legislature and trying to educate them about our needs. The broad based coalition include faculty groups, budget officers and Presidents, who have all sent letters to both the governor and the leaders of both houses.
 - K. Revised Budget Process
 - a. This year we are still expecting the May revise which is due to be released on or about May 12th. We will not know anything until after July. In the interim, we will have to adopt our tentative budget locally, which is legally required to be approved by the board before June 30. By law, state budget needs to be adopted by June 15.
 - b. The tentative budget will be adopted so that we can resume business effective July 1st. However, given the fact that the state has allowed property taxes to be deferred until July and the federal government has allowed deferred personal income taxes until July. The state is not going have any idea about its revenue until middle of or late July in order to make new projections about the budget.
 - c. There is anticipation that there will be another revise in August, and likelihood that there will be another budget bill sometime in August or September to reflect more firm projections of what the state revenue will be.
 - L. Projections of 3-Levels of Recession – The different scenarios on how long the recession will last and the impact on the budget. For example, a mild recession, lost revenue of about 8% \$12 billion per year. This is at the state level. Then a total loss and revenue about \$36 billion.
 - M. Recession Curves: Definition
 - a. The shape of the recession curve. There has been a lot of debate up in Sacramento trying to predict what the shape of the recession curve would be, whether it be V shaped U shaped or L shaped those all have a specific meaning
 - i. A V shaped - recession, which means there is a sharper recession when, just like we had with this pandemic when everything shuts down. Then once we restart opening everything back up again, which will create a sharp or quick recovery.
 - ii. A U shape - recession the economy fall sharply and then gradually recovers over a year to two, so that the curve looks more like a U.
 - iii. An L shaped - recession there is a sharp downturn, followed by years of flat growth before the economy finally starts an upward trajectory.
 - N. The state does have reserves and the state has been building up reserves over the last 10 years. Again, this recession has outstripped the amount of reserves that the state had in its rainy day fund.
 - O. The last slide shows the figures of largest hit industries in February–March job losses. April is going to be even worse.

Question: A final budget, which is required by state law, but we are also going to have local budget. Essentially, if we do have a revised budget, are we going to revisit both of that budget?

Answer: Yes. The law says we must have passed some type of budget by June 30, which is done every year; this allows us to resume work on July 1st. Once the state legislature analysis, revises

the budget in August after they have some more revenue projections and we will revise tentative budget or adopted budget accordingly.

Question: the word “cut” was used and will this committee be made aware of those cuts?

Answer: Cuts would be series of recommendations - the President and Cabinet members will lead collaborative discussion. Anything that requires reductions and expenses will be discussed with this committee.

Question: Can we get an understanding and analysis of the impact on students of these various cuts. What cuts mean to what students and we are going to have to make some hard choices, but “hopefully” we able to minimize big impacts to large populations?

Answer: PBC will certainly be part of any kind of analysis. We have to establish framework and criteria by which we prioritize and evaluate different options for recommendations to reduce the gap in our budget and how can we move forward. Best-case scenario is essentially hold harmless plus COLA from last year; there is a gap already right there; and anything beyond that, if it is 5% or greater is going to have a bigger impact for everybody at the college.

Question: In regards to this body, identify where the funding will be allocated from and how we decided to spend that money? Also our reserves, when and if and how our reserve money would be spent? The CARES Act right now is the one time funding for the next Spring and next year and then our reserve, which is about a little over 14%?

Answer: CARES Act is more of a grant process (two parts: first is student needs and second is institutional cost, which is reimbursement of cost). It's either you meet the criteria or you do not and with the grants going to students, there is a process and a plan in place and it is being executed through Student Services and Financial Aid office. In terms of the CARES Act it initially seemed to be providing discretion to colleges with regard to the institutional funds, as more information has come from Department of Education, it is much more limited and more confined. As to how we are going to push that aid out to the students with respect to reserves that is part of the college budgeting process. The final determination about how reserves are spent would come to the board just like any other tentative or final budget, but the issue with the CARES Act is separate because we treat it like a grant.

Question: Do you know in the last recession. Did we dip into our reserves at all?

Answer: Iris will have to go back and do some research and look at old budgets; one would assume that it might have been a combination of both. It really depends on what ECC's reserve level was at the time. Amount of money in the reserves though if the calculation is right would probably only cover three or four months of ongoing normal expense of the college. There is the budget, which is a plan based on known or assumptions about revenue and expense. However, the day to day is cash flow and this cash flow is almost more important because if we fall below a certain number of day's cash on hand then we become vulnerable to be taken over by FCMAT.

Question: Is there any discussion about if the State needed to come up with some extra money they treating any money that we get from the CARES Act in a similar way to how they treat lottery money where they basically just offset what they give us based on the CARES Act money, we might receive?

Answer: The state would not do that. However, it is already happening with our FEMA grants that is offset by what were are eligible for under CARES Act. Right now, FEMA covers about 75% of cost. For example, if we spend \$100 on a computer FEMA will give us \$75 for that expense. There again is a gap on what we can recover from CARES Act.

Question: Are there any plans by the District to reimburse students for parking fees for the Spring semester?

Answer: Yes, we are aware that students are concerned about reimbursement of parking fees and we are going to pursue a plan to prorate that, so that students can be reimbursed for part of the cost. We are already running reports to figure out who paid those parking fees. There will be communication going out to students as soon as we are sure that we know which students are entitled to the refund.

Next steps for PBC meeting:

- Next meeting for PBC will be at the end of May.
- The state will have released its May revise by then. Iris would update the committee on where we are with the state budget with the available information.
- Right now, we have asked all of the Vice Presidents to submit budgets for their areas and we are working with them to make sure we have compiled all information.
- Asking department to get their purchase order done.
- Once all information is compiled, we will have a better understanding of what the upcoming year look like. Then we will make some recommendations to this committee, but through cabinet first, about the cost or the savings realized by certain cuts the Vice Presidents have already gone through.
- We will be asking the PBC committee to talk about what the criteria and priorities should be set.
- Virtual town hall meeting is on May 21st on the budget, it is a recap of what was just shared with you today. Any new information we have, as result of the May Revise will be discussed with the campus.

Question: So if the town hall is after the Board of Trustee meetings. Does that mean you will have good insight, information from, and feedback from the trustees on what your town hall on May 21? Therefore, whatever you present to us on the 21st will have also their input and their recommendations?

Answer: We are to bring recommendations to the board and it is an opportunity at the May meeting to apprise them of where we are right now, but we bring a recommendation to the board and the board then determines its actions. There is opportunity for the board in June at the June 15 board meeting when we adopt the tentative budget for the board to discuss the budget. Board usually has an annual planning retreat in July and then in August. Normally, we do a board workshop on the budget; about a week prior to the September board meeting, were we adopt the budget.

5. Others Discussion

- e) President Maloney mentioned that overnight everything has changed for ECC and the world. She appreciates that PBC wants to be a part of helping ECC craft the best possible solution for helping our students in this changing environment.

6. Adjournment

The meeting adjourned at 2:19p.m.