

EL CAMINO COLLEGE Planning & Budgeting Committee
Minutes Date: July 16, 2020

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

Alternate Members: A. Nasatir, D. McClelland,

Support: J. Hinshaw, J. Miyashiro, A. O’Brien, D. McClelland,

Other Attendees: A. Reyes

The meeting was called to order at 1:05 p.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 – June 11, 2020

After review the minutes were accepted as written, the committee moved and seconded to approve the June 11th minutes with no objections.

3. Update on Governor’s Budget (signed) (slides 2-4)

- I. The Governor has now signed the state budget. Last time we were looking at a 10% budget cut that included zero cola for the upcoming year. We now have a series of deferrals that are pushing our revenue apportionment out for four to five months in the current fiscal year, and possibly into the next fiscal year.
- II. Additionally, those appropriations are dependent upon the federal government passing the HEROES Act, which was passed by the Democratic control US House of Representatives. The Republican controlled US Senate has already indicated that they are not in agreement with the HEROES Act as it is now written.
- III. If the HEROES Act is signed, we do not know what it is going to look like and do not know if it is going to have all of the restorations that we have asked for, or the assistance we have asked. If HEROES Act does not pass, then some of those deferrals are going to turn into actual budget cuts, because it will not cover our shortfall.
- IV. Some of the other important changes in the state budget are:
 - a. No COLA
 - a. No growth money
 - b. No changes to SCFF
 - c. Hold harmless extended through 2023-34
 - d. Rates established for 2019-20:
 - i. Credit FTES = \$4,005
 - ii. Supplemental = \$948
 - iii. Success Metrics = \$559
 - iv. Success Bump = \$141
 - e. Change in stability language:
 - i. Decrease applied in year following initial year of decline
- V. Majority of the categoricals will remain at FY2019-20 funding levels. Some language changes that allow us under the economic recovery plan to continue instruction, mostly

our CTE programs because of the need to train the essential workers. Which is one of the reasons we have our Allied Health (Nursing, Rad Tech EMT, etc.) course continuing to meet in the fall.

- VI. We will be allowed to continue offering shorter-term (4 to 12 week) programs.
- VII. 50% Law changes (definition - at least 50% of all of the college's revenue must be spent in the classroom and on instruction). Therefore, because of the COVID-19 pandemic we are getting a waiver for two years. This will allow us to exceed the 50% law, help us in our budget, and audit at the end of the year.
- VIII. Online College (Calbright) sustained cuts but still exists.
- IX. Cal Grant Program - \$11 million for California Dreamer Incentive Grant Program for community colleges
- X. Immigrant Legal Services - \$10 million ongoing
- XI. Dreamer Resource Liaison - \$5.8 million ongoing

4. Status of ECC Budget & Timeline (slide 5)

a. Impact of deferrals vs cuts

- I. Slide 5 shows the deferrals.
 - 1. If you look at the shortest arrow, first the payment that we would have gotten next June has been pushed to July.
 - 2. May payment has been moved to August
 - 3. April payment moved into September.
 - 4. March pushed to October.
 - 5. February payment, which will be the longest period, has been pushed to November 2021. We are talking about six months or more of apportionment payments that we are not getting starting in February. Since this payment will be late, we have to make sure that we have enough cash in our reserves to cover the equivalent of four or five months of payroll expenses plus our other bills to vendors. We are doing cash flow analysis on a continual basis to make sure that we have enough cash in order to make keep up with their obligations.

5. Presentation of budget reduction and cost saving measures

a. TRANS meaning and process

- I. One month's cash for ECC is about \$12 million per month which includes all payroll, benefits, health insurance, retirement, etc., plus our other obligations to vendors for software, utilities and all the other bills to pay.
- II. Options, if we determined that we do not have enough cash to meet our needs:
 - a. First option is to borrow from ourselves, from our restricted funds were there a cash balances. We would have to pay it back in the same fiscal year that it was borrowed.
 - b. Second option is to join what is known as a TRANS pool. TRANS is a short-term interest loan, which has to be paid back in the same fiscal year that it was borrowed.
 - c. It is not something we are going to have to deal with before spring, but we are carefully monitoring our cash balance.

6. Recommendations regarding budget reductions & cost savings measure (slide 6-7)

- I. We identified some potential savings to our \$14 million budget shortfall that has not changed. We still have a structural deficit of \$14 million, meaning we are spending more money that we are taking it.
- II. Some decisions have already been made and are being implemented:
 - a. Furlough days (8) for management - \$425K (implemented)
 - b. Not on the list are classified and faculty furlough days, which are to be negotiated.

- c. In process of reducing temporary non-classified employees. Potential savings of \$1M. Each of the Vice Presidents is looking at temporary positions that they can do without in their areas.
 - d. Proposal to freeze vacancies, what positions currently have been vacated in the last few months, evaluating what is needed, and what can be frozen. Potential savings \$3.8M.
 - e. 10% reduction in Operating expenses - \$226K
(We can go higher and we are asking all the Vice Presidents to work with their direct reports to identify where that 10% number can be increased).
 - a. Non-instructional supplies - \$140K
 - b. Travel & Conferences - \$57K
 - c. Memberships & Subscriptions- \$28K
 - d. Technology purchases - no purchases from fund 11 only from restricted fund. If purchases cannot be applied to the restricted funds, then we just would not buy it for the current year or next year.
 - f. Building Closures
 - a. Utility savings - \$850K
- Total savings - \$9.4M

III. We need to find deeper cuts and non-personnel costs or the other alternative is that we have to take some cuts in the areas of salaries and wages and potentially employees.

IV. Therefore, we had developed the guiding principles last month. The committee needs to give general recommendations as to where to go next and those recommendations can include increasing the percentage of reductions to operating expenses. In which case we will then bring you back, those numbers.

- a. We are now into this fiscal year and have to send a final balanced budget before the board in August.

Question: In August, the state was going to revisit the state budget, based on tax revenues that would come in in July. Is that still the plan, or do we have some certainty that the budget we have it what we are going to live with?

Answer: Original plan was going to be what they call a budget junior bill in August. Right now based on the last conversation we have heard from the State Chancellor's Office, the legislature does not want to come back in August. So the budget, we have got now is it. However, they originally had proposed a session in August to deal with the additional revenue that might have come in July. What they have proposed instead of cuts, is deferrals. They believe that should be sufficient to take us through the end of the fiscal year. Reason is flawed, because it is heavily relying upon the federal government to come through with passing of the HEROES Act, if the federal government doesn't do that, then a lot of those deferrals go back to becoming cuts and in some instances, the cuts would be even deeper than the governor had originally proposed. Therefore, we are right back where we started from in terms of not knowing what we really are going to end up with until September or October with the new federal budget.

These were some of the items discussed for budget reduction/increase revenue:

1. Increase the 10% reduction to operating cost to 25% or 30%.
2. Building listing and closure (will send letters to faculty to come collect their things and maybe close part of the building and keep one or two classroom open for faculty. We do have a spreadsheet that lists all the buildings we were looking at and what we anticipate the savings would be per month. Iris will send out the list before the next meeting).
3. Contracts and agreements – we will be looking at the leasing agreement for copiers on campus, since there are no students and staff using it.

4. Increase revenue through Civic Center – with the new restrictions imposed by the city this area has seen more cancelation of potential renters.
5. Offer Early retirement – there was not a saving realized from past offering, and need more time to get this process implemented.
6. Leasing or selling of the BTC – it is a long-term revenue realized, nothing immediate and with the pandemic, leasing and sales of building are low in the South Bay area.
7. Single person insurance pay out in December to employees (potential savings \$300,000), it would have to be negotiated.
8. We need to be mindful of what we cut and that we use the guiding principle this committee approved when considering cuts/reduction.

7. Close 2020-21 Planning Process

This agenda item was not discussed. It is moved to the next meeting.

8. Next Steps

- a. Iris is going to get the list of vacancies and the list of buildings out today.
- b. Based on our guiding principles, what activities or a program that you think is farthest away from our core mission, goals, values and the preamble that was written about diversity and inclusion that can be cut or reduced. If you can send your ideas to Iris, she can put it all in one document so the President can take something to the board for the final budget adoption in August.
- c. Shobhana will send the committee the PowerPoint presentation that Iris shared at this meeting and send the committee the tentative budget document discussed at the July 11th meeting.

9. Other Discussion

Next meeting will be on July 23rd.

10. Adjournment

It has been moved and seconded that we adjourn the July 16th meeting. The meeting adjourned at 2:37 p.m.