



Thursday, June 25, 2009
Griffin Gate
3:00 to 5:00 p.m.

MEETING SUMMARY

Present: Fred Allen, Jerry Buckley, Janet Castanos, Sunny Cooke, Jim Fenningham, Tim Flood, Kats Gustafson, Chris Hill, Oralee Holder, Anita Martinez, Jane Nolan, Alba Orr, Shirley Pereira, Mary Rider, William Snead, , Brad Tiffany, Jim Wilsterman

Absent: Steve Baker, Zoe Close, John Colson, Danny Martinez, Pat Murray, Tina Pitt, Adelle Schmitt, Jim Spillers

Recorder: Patty Sparks

Meeting Convened: 3:00 p.m.

I. Approval of Planning & Budget Meeting Notes, May 28, 2009

Shirley requested that if anyone has changes or edits to the May Meeting Summary, please send them via email to Patty Sparks.

II. Budget Update

Tim Flood provided a Power Point presentation on the current budget. He stated that the all proposals from the State negatively impact community colleges. We must prepare for major budget reductions anticipated to be between 9.5% and 12%.

- **Tentative Budget Assumptions**

Tim stated that the Tentative Budget (TB) was built off an unrealistic State Budget that had been approved. Despite the on-going and sometimes daily changes from the State we had to set a TB and have it ratified by the Governing Board. The TB was based on 0% COLA and 4.19% growth. As we anticipate cuts, expenditures are going up. Step, column and longevity increased by \$1.2 million, benefits increased by \$1.1 million, and utilities by \$.5 million.

The 2009 TB was based on a 4% reduction; however realistically we are looking at a 9.5% reduction and that percentage could change to 12% based on apportionment delays, declining tax revenue, and on-going State budget issues.

Tim stated that Grossmont's TB is \$60,549,473 or 59.47% of \$101,806,874. Last year our Adopted Budget was \$60.9 million. He went on to explain the college wide expenditures for 08/09 detailing where funds were spent. Sunny reminded the Council that the \$400,000 Governing Board staffing commitment was a line item last year; however, as part of our 3% deficit last year we decided to freeze those positions. Those same positions are carrying over so we have to keep this funding aside. She clarified that we are not receiving new money for 09/10. He explained that just to stay flat for 2009/10 we would need an additional \$3,167,159.

He used a pie chart that identified percentages of expenditures, they are as follows:

- 53.8% - Academic salaries
- 17% - Classified salaries
- 19.9% - Benefits
- 1.8% - Supplies
- 7.2% - Other operating expenses
- 0.3% - Capital Outlay

He explained that 90% of GC expenditures are personnel costs for salaries and benefits.

- Budget Solutions

Tim stated that our first solution was to maximize ending balance by saving within department budgets. Other savings came from the following:

- 42 positions frozen or on hold
- College wide operational reductions
 - Limiting postage and printing expenditures
 - Supply line reduced -
 - Hourly budget reduced
 - Service hours reduced

Sunny stated that for those who utilize the printing department and the Business Communication Services Office for postage should reduce their postage and printing costs by 20% - 30%. Some ways to save:

- Check with Alba to see what is the best, cost effective way to get your information out
- Check and re-check your document, is it the right size, color, and content
- Can this information be sent via email
- Send one flyer with multiple events
- Reduce print an mail pieces by focusing on critical needs

One suggestion for cost savings is to provide a visual aid in the Printing Department that indicates a specific savings goal to meet. If the goal is visual, it might spark people to save and help in meeting that goal.

Tim stated that the reproduction requests are tracked by each division's key code. He can provide those key code managers with what was spent over the last two years and they can meet with their chairs and coordinators to discuss savings. Tim explained that he can modify how the printing department tracks each print job.

Sheridan Dewolf stated departments don't need to know what they are spending to save money. Additionally, she stated that scanning documents and posting them on the website could save costs.

- New information Since TB - Proposed 2009/10 Cuts

Tim explained that we are now looking at 0% Cola and 0% growth for 2009/10. There will be deeper apportionment shortfalls from revenue deficits at the State level. Categorical funding is anticipated to be cut between 16% and 32%, however those percentages could increase. Overall we are looking at a revenue reduction between 9.5% to 12%. Sunny stated that that some departments will be hit even

harder. Brad Tiffany and Jim Fenningham 's departments are funded by categorical and general fund. They will have a 9% cut in their general fund and another 16% - 32% cut in their categorical funds. These cuts affect the neediest of students.

- Unrestricted General Fund

Tim stated that the district wide general fund was cut by 4% for TB; this cut was implemented at all sites including the district. He explained that we started with \$110,961,981, less the board contingency, less revenue reduction we have a \$101,806,574. Realistically we are looking at a 9.5% reduction which leaves us at approximately \$9.8 million. This number could change mid-year as the State could mandate more reductions.

One suggestion was to dip into the Board Reserve. Tim stated the Board Reserve is not being considered at this time. Since we have reduced funds on both campuses, we reduced the ability to combat the unexpected catastrophic failures or problems. We need to ask whether we can afford to reduce that security. We have a Board Policy which refers to a 5% reserve of the previously year's operating budget. Tim explained that dipping into the reserve would be a one-time fix as those funds roll from year to year. If we take 1% - 2% eventually those funds would need to be replaced.

Budget Priorities - Strategies

Tim explained that we must look to our strategic plans and values. We need to:

- Protect the Learning Core - Students First
 - Instruction, Academic & Student Student Services
 - Safe, clean, reliable & efficient facilities
- Balance Needs of Employees & Needs of Students
 - Within budget constraints
- Fund Structural Commitments & Fixed Increases
- Maximize Potential Revenues
- Address Accreditation, Legal and Fiscal Stability Challenges

All reductions will affect services provided to students, and we have always been a students' first organization.

Sunny reminded the Council that some programs will be severely reduced and stated that there are no good choices left for us to make. We must figure out is what has the least impact on students and/or employees and provides for the long term fiscal security of the institution.

- Additional College Reduction Strategies for Adopted Budget

Tim explained that college wide we are looking at reduction strategies that include utility expense reductions, additional service hour reductions, section reduction (210 sections at Grossmont), class size increase to 20 students or 80% of cap, and a possible 30% reduction in both supplies and hourly employees.

Tim explained that the HVAC settings have been adjusted up to 76 degrees from 72 degrees. San Diego Gas & Electric recommends settings at 78 degrees. Please realize that the chillers do not kick on until after ambient air gets above the temperature we are calling for in that room. This means we

are getting the required circulation, but the air will not be conditioned until the ambient temperature reaches 76 degrees.

Service hours have been reduced and we will be reducing 210 sections. Sunny stated that this has to do with growth funds no longer being available so we have to cut back. Tim explained that last year FTES was at 13508 and our goal for the 09/10 year is 13036. We can actually serve 472 FTES less which equates to 236 section reductions. These numbers were calculated using a 17.5 week semester, a 3 unit class with 20 students. The 210 sections will give us approximately \$800,000 in savings. We are offering less sections this summer, but serving more students. Sunny reported that the goal is to reduce sections equitably over the year.

Shirley stated that we are having a 20 student minimum per class so it behooves chairs and coordinators and faculty to review sections for low enrollment and consolidate now rather than later. Jerry stated that he is working on getting WSCH reports to get to faculty to help with this.

Theresa Crume, Chemistry Lab Technician, asked whether additional student lab fees could increase to meet the needs of her department. It was discussed that as long as the students can bring something home of equal or greater value than the fees you charge, it is possible, but it seems that would be hard for chemistry students. Jim Wilsterman stated that currently they are only allowed to revise student lab fees once a year and would like to have the ability every semester.

Chris Hill assured the Council that there is a good line of communication from the Chancellor to Governing Board. Sunny stated that all the suggestions brought to her office are forwarded to the budget solution email account.

- Suggested Budget Solutions

Tim stated that all suggestions and considerations are being reviewed and budget savings scenarios are being developed with the deans and administrators.

Beth Smith suggested that Sunny work with SDICCA or other CEOs and forward regulatory obstacles to the State Chancellor's Office. If the budget turns out to be the worst case scenario what kind of flexibility could we get with the help from the Chancellor's Office. Sunny stated that we might see help with issues that do not include union issues.

- Post Adoption Budget

Tim stated that once we have our Adopted Budget we should plan for additional mid-year cuts in 2009/10 and additional budget challenges in 2010/11. Anticipate further State and Local revenue declines and expect to see budget issues continue for the next several years. He stated we need to develop long-term strategies for maintaining core operations at reduced funding levels. Tim stated that when making our cuts we need to be forward thinking as an institution so we are prepared to respond and take advantage of future opportunities

Meeting Adjourned: 5 p.m.

Questions and Answers
Planning & Resources Council
June 25, 2009

Q. Is 90% of expense in salaries and benefits high compared to other districts?

A. *It is a bit on the high side, most are 80-85%.*

Q. Do we still provide services for postage for free?

A. *No, we backcharge any recipients of the service and we collect the money.*

Q. Can we dip into the Board Reserve?

A. *We have a policy of keeping 5% of the prior year's budget as a Board Reserve and while we can dip into that, we need to ask ourselves if we can afford to dip into that safety net at this time.*

Q. What if our actions impact our students?

A. *These budget actions have already impacted and will continue to impact everyone including students. We can only do our best to minimize the impact for our students.*

Q. Have we tried to cut utility expenses?

A. *We have implemented utility expense reductions such as changing the HVAC set points and are looking at additional options.*

Q. Have we looked at a four-day work week?

A. *Yes, right now that is not an option because schedules for the summer are already set.*

Q. If a full-time faculty member chooses to accept the early retirement incentive, will their sections be backfilled?

A. *The early retirement model included the use of part-time faculty to backfill classes for one year.*

Q. If we give back this money now, will the cuts just become permanent over the next 3-4 years?

A. *We can't control the condition of the budget at the state level, so it is hard to tell how things will be in 3-4 years. We can say that all the cuts that are being taken now at all levels are being well documented (i.e. from what key codes the money is coming) and the goal is the return those cuts to the proper key codes whenever the money comes back from the state.*