FY2015-16 Budget Recommendations

Revised budget recommendation thumbed by College Assembly on 4/22/15

Revised budget recommendation thumbed by the FMOEC and Budget Task Force on 4/16/15

Contents

The Issue ...................................................................................................................................... 2
Overview of Recommendations ................................................................................................... 3
Summary of the Revised Recommendation ............................................................................ 3
Long-term Solutions ............................................................................................................... 4
Short-term Solutions ............................................................................................................... 5
Long- and/or Short-term ......................................................................................................... 5
Guidance for Budget Managers ............................................................................................. 6
Reduce Vacant Positions ......................................................................................................... 6
Reduce the Use of Overtime ..................................................................................................... 6
Reduce Substitute Pay ............................................................................................................. 7
Reduce Special Assignment and Curriculum Pay .................................................................... 7
Reduce Supplies and Services ............................................................................................... 7
Appendix: Criteria and Principles from the Budget Task Force ............................................. 8
Criteria for Analyzing Suggestions ....................................................................................... 8
Principles ............................................................................................................................... 8

Note: The accompanying Guidance for Budget Managers was not thumbed up, down, or sideways due to time constraints and is provided only as a tool for budget managers in decision-making.
The Issue

The Budget Task Force was asked to determine how the College can present a balanced operating budget for FY2015-16 to the District Board that supports the mission, open access to higher education, strategic priorities, and the continued need for financial stability.

The Budget Task Force solicited interests and ideas from the entire college at convocation, through emails, and at forums and received over 100 suggestions. Twenty-five ideas were selected for details education and evaluation and analyzed in light of the criteria (see Appendix for criteria and principles). This process resulted in eight initial recommendations.

The initial recommendations were shared with the Assembly on March 11, 2015. Feedback from the Assembly and from across the College was collected on March 25, 2015. At that time, the Assembly recommended the Budget Task Force and Financial Management and Organizational Effectiveness Council revisit the recommendations in light of the feedback.

FMOEC/Budget Task Force met several times over a four week period to revise the recommendations.
Overview of Recommendations

Using the budget estimates shared with the District Board on April 8, 2015, the FMOEC and Budget Task Force put together a revised recommendation totaling approximately $8M. The $8M figure is based on the assumed base budgetary gap of $2.6M plus the needs for the contingency and funds for new initiatives of approximately $5.5M.

The recommendation is a mix of long-term and short-term solutions. Long-term solutions total approximately $5M. Short-term solutions total approximately $2.75M. One solution – reducing supplies and services by $0.3M – will likely be a mix of long- and short-term solutions. In addition, there was not unanimous agreement as to whether or not a contingency is long- or short-term, with rational arguments for each.

Summary of the Revised Recommendation

<table>
<thead>
<tr>
<th>Option</th>
<th>Projected Savings</th>
<th>Long-term / Short-term</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Off-the-top” reductions across the College, including eliminating vacant positions and reducing supplies and services</td>
<td>$2,500,000</td>
<td>long-term</td>
</tr>
<tr>
<td>Reduce vacant positions (approx. 16 positions = $1.9M)</td>
<td>$1,900,000</td>
<td>long-term</td>
</tr>
<tr>
<td>Reduce the use of overtime</td>
<td>$100,500</td>
<td>long-term</td>
</tr>
<tr>
<td>Reduce the cost of health insurance</td>
<td>$340,000</td>
<td>long-term</td>
</tr>
<tr>
<td>Reduce the use of substitute instruction</td>
<td>$175,000</td>
<td>long-term</td>
</tr>
<tr>
<td>Charge all employees for parking</td>
<td>$0</td>
<td>long-term</td>
</tr>
<tr>
<td>Reducing of contingency</td>
<td>$2,000,000</td>
<td>short-term</td>
</tr>
<tr>
<td>Delay hire of vacant positions</td>
<td>$500,000</td>
<td>short-term</td>
</tr>
<tr>
<td>Institute a one-time reduction in special assignment and curriculum pay</td>
<td>$250,000</td>
<td>short-term</td>
</tr>
<tr>
<td>Reduce supplies and services budget</td>
<td>$300,000</td>
<td>both</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,065,500</strong></td>
<td></td>
</tr>
</tbody>
</table>
**Long-term Solutions**

- **Make “off-the-top” reductions – $2.5M**
  - Reductions are a mix of supplies and services and vacant positions.
  - Learner Success and Student Development have identified $2M in “off-the-top” reductions, including eliminating 14 vacant positions.
  - The balance of the College is putting together proposals for the remaining $0.5M.

- **Reduce additional vacant positions throughout the College - $1.9M**
  - Do not fill additional vacant positions to generate an additional $1.9M in savings.
  - $1.9M equates to approximately 16 full-time vacant positions.
  - This could include eliminating positions entirely, replacing full-time employees with part-time employees, or a combination.
  - Position reductions would vary across schools/departments based on the College priorities.

- **Reduce the use of overtime - $0.1M**
  - Reduce the use of overtime where possible.
  - Reductions will not be uniform.
  - Acknowledge/anticipate the relationship between overtime and vacant positions.

- **Reduce the health insurance cost to the College – $0.34M**
  - The Benefits Committee will be asked to keep the College’s health insurance costs lower utilizing the various strategies.
  - Results may be a package of options and not simply an increase in the cost to employees.

- **Charge all employees for parking – $0.00M**
  - Based on feedback from across the College, this option is not being pursued for savings in FY15-16.
  - FMOEC/BTF recommendation: Charge the Facilities Council with creating an appropriate, adequate, and sustainable (environmentally and fiscally) parking plan for students and employees across the district. The goal should be to significantly reduce or eliminate the parking subsidy in FY16-17.

- **Reduce the use of substitute instruction – $0.15M**
  - Limit the use of substitute instructor pay to instances where substitution is needed for long-term medical leave and regulatory face time requirements.
  - This change will align the College with other higher education institutions.
Short-term Solutions

- Reduce the contingency - $2.0M
  - Reduce the proposed $4.3M contingency to $2.3M.
  - Contingency would be approximately 1.5% of expenditures, rather than 3%.

- Delay hiring of vacant positions - $0.5M
  - Delay hiring of positions sufficient to generate savings.
  - Faculty positions may be delayed as part of the academic hiring cycle.
  - Admin and PSRP positions would be delayed with reliance on operational flexibility to enable operation without the positions on a short-term basis.

- Reduce special assignment and curriculum pay
  - Reduce the reliance on additional pay for some special assignments and curriculum development activities.
  - Implementing this as a short-term solution in FY15-16 allows time to help schools/departments determine where permanent reductions are possible.

Long- and/or Short-term

- Reduce the supplies and services budget - $0.3M
  - Reduce supplies and services budgets by an additional $300,000 (above the “off-the-top” proposals).
  - Reductions would vary across schools/departments based on the College priorities.
Guidance for Budget Managers

Members of the FMOEC and the Budget Task Force began developing guidance around these budget recommendations for budget managers. The guidance was not thumbed up, down, or sideways due to time constraints and are shared as a tool in decision-making. This guidance only applies to items that are within budget managers’ control. For example, recommending the best source for reductions in supplies and services is within a budget manager’s control. The reduction in health insurance costs across the College is not and thus does not have guidance for budget managers in this section.

Reduce Vacant Positions
Reductions in positions likely cannot be across-the-board due to the varied nature of the work done across the College. Positions will be eliminated based on the priorities of the Cabinet. When looking for opportunities to recommend positions for elimination consider the following:

- Use part-time employees instead of full-time employees when possible and prudent. Avoid this strategy when reliance on part-time employees is already high, such as in some academic departments
- Consider possible process improvements to reduce staffing needs
- Increase the student to instructor ratio, when possible
- Reduce the number of sections offered based on student demand (this may occur in conjunction with increasing the student to instructor ratio)
- Prioritize certain types of instructional service such as advising or teaching in lieu of service over other service opportunities
- Review program viability to determine whether programs should continue
- Consider reassignment of existing full-time and part-time staff whenever possible as reductions are identified

Reduce the Use of Overtime
Overtime expenses tend to occur when there is additional work due to a vacant position, for special projects, and for completing customer service transactions. In order to reduce the reliance on overtime, consider:

- Offering employees compensatory time instead of paying for overtime
- Evaluating the option of hiring additional part-time staff to reduce the use of overtime
- Optimize scheduling, such as staggering employee start and stop times to ensure coverage and allow for compensatory time off
- Consider the need for employee coverage at certain times of day
- Consider hours of operation given demand for the service
Reduce Substitute Pay
Decreasing the overall expense for substitute instruction will likely require changing instructional practices such as:

- Increasing the use of colleague coverage
- Canceling class for short-term absences, understanding that colleague coverage is preferred
- Increasing the use of Blackboard and other distance learning devices to ensure students access to materials

Reduce Special Assignment and Curriculum Pay
Reducing the use of special assignment and curriculum pay is possible through reducing the activities that qualify for pay or reducing the overall number of activities. Considerations include:

- Incorporating previously compensated work into service
- Eliminating the online teaching stipend
- Paying faculty at the summer pay rate for service in the summer
- Reducing reliance on payment for curriculum development

Reduce Supplies and Services
Reductions in supplies and services likely cannot be across-the-board due to the varied nature of the work done across the College. When looking for opportunities to reduce supplies and services, some sources may be easier to reduce than others, for example:

- Consider limiting conference travel funding to individuals who present at conferences
- Increase the use of train-the-trainer sessions where one or few employees attend training and conferences and then share that training with others at the College upon return
- Utilize caps on total reimbursement for employee travel, such as limiting employees to one conference per year or certain dollar figure (e.g. $1,500)
- Consider whether within-district travel reimbursement is appropriate under College policy
- Reduce the overall expense on dues, memberships, and subscriptions to those required for accreditation and considered opportunities to consolidate memberships across departments or College-wide (e.g. pay for one institutional membership instead of several individual memberships, when cost effective)
- Consider reducing the use of College-provided cell phones
- Reduce the use of outside food vendors. Food service at the College is almost always cheaper and it keeps funds within the College
- Reduce the use of office supplies and small equipment.
- Review contracted commitments for possible reduction. Conduct a cost/benefit analysis when determining whether to use a contracted service
Appendix: Criteria and Principles from the Budget Task Force

Criteria for Analyzing Suggestions
The suggestions were analyzed in light of how well they met the following criteria:

1) Follows legal/regulatory requirements
2) Logistically/operationally feasible
3) Consistent with Board Policy
4) Promotes Our Mission/Values/Ethics
   a) Minimize/avoid lay-offs
   b) Shared sacrifice
   c) Value employees
5) Financially responsible
6) Supports a long-term perspective
7) Promotes access to higher education and student success*
8) Balances the budget
9) Supports our strategic priorities*

*from Cabinet charge to the Budget Task Force

Principles
1) Use policy recommendations herein to submit a balanced budget to the District Board in a manner that reflects our global priorities
2) Recommendations are intended to be a baseline from which Budget Managers will make decisions about allocating reductions in their areas
3) Uniform across-the-board cuts are not desirable
4) Balancing the budget solely based on vacancies is not desirable
5) Any monetary impact on employees should be progressive
6) Weigh options more heavily towards long-term structural solutions