Budget Task Force
Recommendations
FY 2015-16

March 11, 2015
Our Members

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• Jill Spilde, Staff Support
• Kathleen Paris, IBPS Facilitator
The Issue

• How can we present a balanced operating budget for 2015-16 to the District Board that supports the mission, open access to higher education, strategic priorities, and the continued need for college financial stability?

• This Task Force had 6 weeks to complete its task and was limited in identifying solutions to closing the budget gap

• Used an accelerated IBPS process (see IAS handout)
Our Process

• Solicited interests and ideas from the entire College
  • Received over 100 suggestions
• Selected 25 to gather data on for education & evaluation
• The Budget Office provided data for each of the 25 options
• Options were discussed with our criteria in mind
Our Timeline

• Seven 2-hour meetings

• First meeting: January 15, 2015

• Decisional meeting: February 26, 2015

• Recommendations thumbed by FMOE Council: March 4, 2015
Our Criteria

A. Legal/Regulatory
B. Logistically/Operationally Feasible
C. Consistent with Board Policy
D. Promote Our Mission/Values/Ethics

1. Minimize, avoid lay-offs
2. Shared sacrifice—not one employee group to make all the sacrifices
3. Value employees
Our Criteria, continued

E. Financially responsible
F. Long-term perspective
G. Promotes access to higher education and student success*
H. Budget must balance
I. Supports our strategic priorities*

*from Cabinet charge to us
Additional Principles

• Use policy recommendations herein to submit a balanced budget to the District Board in a manner that reflects our global priorities

• Recommendations are intended to be a baseline from which Budget Managers will make decisions about allocating reductions in their areas

• Uniform across-the-board cuts are not desirable

• Balancing the budget solely based on vacancies is not desirable

• Any monetary impact on employees should be progressive

• Weigh options more heavily towards long-term structural solutions
Budgetary Context

• Current budget deficit: $5.2M-$8.0M
• Need long-term structural solutions:
  • FY16-17 Budget Deficit Proj: $9.4M-$13.5M
  • FY17-18 Budget Deficit Proj.: $8.8M-$12.9M
• The State budget could significantly impact the budget picture in this year and subsequent years
Short-term/Long-term solutions

The options identified by the task force include both short-term (fiscal year 2015-16) and long-term (subsequent fiscal years) savings and revenues.

• Example of short-term:

    Holding positions vacant for an extended period of time: impacts *only* the FY2015-16 budget

• Example of long-term:

    Eliminating vacant positions
The Dial Metaphor
# Policy Recommendations

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<th>Potential Savings</th>
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<td>1. Reduce supplies and services (5200)</td>
<td>$731,200</td>
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<td>2. Delay Hiring of Vacant Positions</td>
<td>$1,777,500</td>
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<td>3. Eliminate* Some Vacant Positions</td>
<td>$828,900</td>
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<td>4. Reduce the Use of Overtime</td>
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<td>5. Reduce Cost to the College of Health Insurance</td>
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<td>6. Charge Employees for Parking</td>
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<td>7. Substitute Instructor Pay</td>
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<td>8. Special Assignment/Curriculum Pay</td>
<td>$250,000</td>
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**Total Potential Savings**

$4,746,300

*or convert to part-time
1. Reduce supplies and services

- Total Budget: $20 million
- $5 million “required” expense (taxes, instructional supplies, etc.)
- $15 million available for reduction
  - 1% Reduction $153,900
  - 5% Reduction $770,000
  - 10% Reduction $1,539,100
  - 20% Reduction $3,078,200

Recommendation: Reduce supplies and services expenditures by $731,200
2. Delay Hiring of Vacant Positions

• Total Projected Vacant Positions: 91

• Possible savings: $6.8M (delay hiring of all vacant positions for one year)

Recommendation: Delay filling vacant positions to save $1,777,500

• Faculty: Hold open 10 positions for one year (21% of vacant)
• PSRP: Hold open 7 positions for one year (24% of vacant)
• Admin: Hold open 2 positions for one year (20% of vacant)
3. Eliminate or Convert to Part-time Some Vacant Positions

• Total Projected Vacant Positions: 91

• Possible savings: $9.7M (eliminate all vacant positions)

**Recommendation:** Eliminate positions to save $828,900

• Faculty: Eliminate 3 of 48 (6%)

• PSRP: Eliminate/convert to part-time 4 of 33 (12%)

• Admin: Eliminate 1 of 10 (10%)
4. Reduce the Use of Overtime

- Total Overtime Expense: $750,000 (FY13-14)

- Overtime may be used for:
  - Coverage for vacant positions
  - Special projects
  - Sporadically to finish services transactions

Recommendation: Reduce overtime to save $100,500
5. Reduce the Cost of Health Insurance to the College

• FY15-16 Health Insurance Estimate: $19.0M

• Estimate assumes 6% increase over prior year budget

• Benefits Committee responsible for managing the College’s health insurance expense

Recommendation: Reduce the cost of health insurance to the College by $340,000
6. Charge Employees for Parking

- Students already pay up to $118/year
- Helps cover maintenance and compliance costs

**Recommendation: Charge 0.7%* of salary = $543,200**

This means if your salary is:
- $50,000 = $13/paycheck
- $90,000 = $24/paycheck
- $125,000 = $36/paycheck

*Percentage is on a progressive scale*
7. Substitute Instructor Pay Policy

Limit use of substitute instructor pay, using substitutes primarily for medical leave and regulatory face time requirements

Recommendation: Reduce substitute instructor pay to save $175,000
8. Special Assignment/Curriculum Pay

Reduce faculty special assignment and curriculum development pay

Recommendation: Reduce $250,000
How do we turn the dials?

- Interests
- Saving
- Ideas

Budget Task Force
- Turn Dials

Budget Managers
- Local decisions
- Turn Dials

VPs and Dr. Daniels
- Review submittals
- Turn dials

Board
- Receives balance budget
Ideas We Rejected

• Furlough days (a short-term solution)
• Increasing student parking fees
• Implement a travel freeze for non-essential employee travel
• One-time expenses to pay-out of reserves were not identified
Future Steps

- Vice Presidents will meet with their direct reports to determine how to allocate the reductions.
- Cabinet and Dr. Daniels will meet to complete final budget revisions.
- Board actions:
  - Present a balanced budget to Board April 8
  - Public hearing at May 13 Board
  - Pass budget at June 10 Board
- Managers start managing 2015-16 budget July 1st
- FMOEC begins planning for FY2016-17 July 1st