

Information and observations from meetings with Jack, Yulian, FCMAT and Leadership Groups and Trustees March 10, 2020 8:30 to 9:00 PM

1. The District is working on 4-year forecast for budget purposes, which is needed in order to accurately plan for increase costs and revenue shortages.
2. The hold harmless funding from the Chancellors Office will expire in 3 years so any revenue guarantees will no longer be available thus the need for a 4-year forecast is paramount.
3. The enrollment management task force working on productivity issues so that class offerings can best be targeted on productive classes. The task force has set FTEF, efficiency, and FTES goals for the spring term as well as specific goals bases on the SCFF.
4. In November 2019, the District reported 29 positions (which included three late retiree notifications) over the FON. As of February 2020, 18 faculty have notified the district of their retirement. With these retirements, the District projects it will be over the Fall 2020 FON by approximately 8 positions.  $(29-3-18 = 8)$ .
5. There were 18 faculty and 23 staff indicated early that they were retiring, in a program, which gave them a \$ 3,000 incentive for early notice. This produces about \$ 5 million in savings (before any backfill). Some of these positions may be replaced, but no decision yet. The replacement for the faculty positions adjunct replacement cost will not be determined until information is obtained from the enrollment management task force. The academic deans will determine the allocation of the FTEF and department chairs within the goals of the EMTF goals, but none of the 18 faculty positions will be hired back full-time. The best-case scenario would be to keep all the savings to help offset the deficit spending, but that remains to be determined at this point.

6. The District has developed a long-range plan for negotiations that addresses a multi-year agreement, which included potential reductions to compensation and benefits. The district is moving in a direction with their proposals that attempt to deal with the recommendations from FCMAT.
7. There was an internal auditor hired, as the district is fiscally independent. The internal auditor reports directly to the Vice President of Finance & Administrative Services, with a dotted line to the president as the district is fiscally independent. The Auditor has found areas to save and more importantly tighten up controls.
8. Data integration is important as departments are working in silos and data integrity is an issue. This is critical as departments are operating in silos and the information from one area does not match up with what is being presented to other departments. This adds to the distrust and suspicion within the district. The data integration team doubled its meetings and is planning for draft integration projects for the institution and enrollment management this July.
9. Communication is a big issue and the trust level is very low but there are efforts to bring in all groups to the budget process, provide an understanding of the issues, and then communicate it back out to all stakeholders.
10. Currently 89% of unrestricted general fund expenditures, 93% of total revenues, and 96% of revenues before the Fund 69 transfer, expenses are for wages and benefits. This is not sustainable and needs to be reduced immediately.
11. About 80% of the revenue comes from property taxes and the balance from the State Apportionment. The district is on track to become basic aid in about 5 years.
12. The net position of the district, according to audit reports reviewed, have decreased by \$ 25 million between the 2017-18 and 2018-19 fiscal years.

13. There is a culture of entitlement among the funding that comes from categorical areas. When funding in these areas are reduced, staff has an expectation that the GF will absorb those expenses.
14. The District has developed a long range plan that addresses a multi-year agreement which includes potential reductions to compensation and benefits.
15. If savings are not obtained the district is prepared to implement a reduction in force. The district is meeting with groups to discuss an overall re-organization of the college to focus on serving students, efficiency, and cost-savings.
16. FCMAT provided a training session to the board as to where they are and the areas that need to be addressed, which is consistent with the "Big 8" previously provided to the District from FCMAT.
17. Board policies are out dated and need to be addressed. Chapters 1-5 & 7 have nearly all been updated in accordance with their policies; there are a few still that are being working on. Chapter 6, the finance section, is being actively worked on. The finance department indicates that 2/3's of the chapter will be ready for the May Policies and procedure meeting.
18. Julian provided information on purchasing policies and the awarding of bids and contracts to the board so that consistency is achieved.
19. Discussion about the Cal-Card purchases was provided to the board and those cards were reduced from 166 down to 26. This is a healthy move as it provides tighter control over purchases.
20. There was discussion at the board meeting about extending the current contract with the chief negotiator for \$ 80,000 but that was tabled until a later date. This amount was reduced and approved at a special board meeting on March 16, 2020.

21. There was a discussion on sabbaticals on the agenda for board approval that would cost \$ 250,000 to back fill those faculty positions. The CBA allows sabbaticals to be requested but no requirement that the trustees approve any request. This was an opportunity for the trustees to demonstrate they are serious about cutting expenses but choose to approve these sabbaticals with the additional cost of \$ 250,000.