

To: President Mitsui and ETEAM
Cc: Betsy Abts, Rebecca Cory (College Council co-chairs)
From: The Budget Advisory Committee
Subject: Report on Budget Reduction Plan FY 2012-13

Process & Procedure:

The BAC met initially to review in detail the memo sent to us by President Mitsui and the ETeam. As a result of that meeting, questions and requests for clarification were sent to each Unit Executive (NSCC President and Vice Presidents), as needed. To maintain transparency, all BAC members were copied on each of the requests sent, and President Mitsui was copied on all requests sent to the Vice Presidents. All responses to all inquiries were provided to BAC members, and to President Mitsui. Follow-up questions/requests for clarification were generated in subsequent BAC meetings and forwarded to Unit Executives as indicated. Those transmittals, and subsequent responses, were shared utilizing the same procedure outlined above. The following narrative contains the result of the work done by the BAC along with its concluding comments.

PRESIDENT'S OFFICE

DESCRIPTION: A permanent level reduction to state budget (081-3A02):

Decrease G&S and travel	\$	10,750
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The BAC confirmed through its own calculations that the line items cited above are equal to or greater than the planned reduction amounts, at the permanent budget level. In response to follow-up questions from the committee, the President's Office related that the described costs will be eliminated rather than shifted; i.e., no soft fund budget or alternative state budget will be used to cover them. These cost reductions will be accomplished through elimination of one institutional membership; relinquishment of unused funds; reduction in travel through prioritization, minimization of overnight stays, use of communication technology as alternative, and non-reimbursement. If during annual budget planning additional funds are determined to be needed in a given fiscal year, those funds will be sought through the Unmet Needs process or other appropriate means.

Conclusion: The committee has no further questions regarding this plan, although members have expressed a preference that the President be reimbursed for all travel costs that are correctly owed.

STUDENT SERVICES

DESCRIPTION: Permanent level reductions to several expenditure categories across budgets within the SDS Unit:

Decrease G&S; travel, equipment, and PT Hourly	\$	22,159
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The BAC received a detail schedule (Attachment A) of these planned reductions and confirmed through its own calculations that the line items cited above are equal to or greater than the planned reduction amounts, at the permanent budget level.

In response to follow-up questions, Interim Vice President Myer related that these costs will be eliminated rather than shifted; i.e., no soft fund budgets or alternative state budgets will be used to cover them.

Conclusion: The committee has no further questions. There remains, however, a related broadly based concern that is expressed in the closing comments of this document.

ADMINISTRATIVE SERVICES

DESCRIPTION:

Cost shift parts of five currently filled, permanent employee positions to a soft fund budget (265-3E33); each position will be reduced the same \$5K amount, inclusive of benefits:

Cost shift portions of five positions into Facilities Rentals Bgt	\$ 25,000
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Eliminate the remaining permanent level funding for the vacant Director of Facilities & Plant Operations position:

Director of Facilities position will not be filled	\$27,000
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The BAC confirmed through its own calculations that the line items for the positions cited above are equal to or greater than the planned reduction amounts, at the permanent budget level.

The committee noted in meeting that elimination of the Facilities Director position, combined with last year's elimination of the Capital Project Manager position means that the college is scheduled to undertake a major capital project (the Tech Bldg renovation) without two key capital management personnel. The committee requested clarification to better understand the reasoning behind leaving these positions unfunded/unfilled. Interim Vice President Monterey provided a detailed response in which he expressed his preference to overburden his own position rather than further reduce Facilities personnel and resources through budget cuts. He also described scenarios in which funding for a combined Facilities/Capital Projects Director position could conceivably be secured. However, reminding the committee of his qualifications for, and many years experience in, managing large scale capital projects, our VP Admin Svcs also related that once completed, the Tech Bldg renovation will likely be the last major project undertaken by the college for some time. Following it will be much smaller scale projects (a.k.a. minor projects), the management of which will be within the capabilities of existing Facilities staff who by that time will have completed capital-specific training and professional development planned for by VP Monterey. The overriding thought expressed is that the pressure on his position is

manageable, relatively short term, and a plan is in place to develop Facilities personnel in capital project skills that will ultimately benefit the college long term.

Conclusion: The committee has no further questions. There remains, however, a related broadly based concern that is expressed in the closing comments of this document.

INSTRUCTION

DESCRIPTION:

Cost shift administrative positions from state to alternative state and soft funds (043-3H00; 011-3G08; 011-3W00; 011-3G10):

Secretary Senior (including benefits cost)	\$ 57,981	
Three E-Learning personnel (inclusive of benefits cost)	25,000	\$ 82,981

The BAC confirmed through its own calculations that the line items cited above are equal to or greater than the planned reduction amounts, at the permanent budget level. A point of clarification: the Secretary position is being shifted from one state budget (which will be reduced) to another state budget (Worker Retraining), hence the term “alternative” state funds, for which no negative connotation is intended. In reply to a follow-up question, our VP Instruction related that the WRT funds being used for this shift are non-allocated (i.e., not committed to any specific purpose) and therefore sufficient funds will remain post-shift to serve students and develop new programs.

The committee questioned the appropriateness of using E-Learning fees to further support personnel costs. The reply from Vice President O’Keeffe, supported by input from our Assoc. Dean for E-Learning, affirmed the appropriateness. The BAC also requested input as to the impact of this cost shift (equivalent to an approximate 8-10% increase in annual operating costs) on E-Learning’s current operations and future plans. In supporting commentary, the Assoc. Dean for E-Learning stated the costs are manageable and described three possibilities for doing so: that the department will continue to experience annual growth in fee revenues (approx. 8-10% per year on average to date); implementation of an already approved fee for supporting the program’s learning management system (software, server, and online tool licensing agreements); and increased revenues from a possible restructuring of E-Learning fees across the district. In retrospect, our Assoc. Dean also related that E-Learning has reduced its fee in the past, and (in North’s instance) held back on implementing the learning management fee.

The BAC agrees that the E-Learning fees can be appropriately used to backfill a portion of staff salaries in the E-Learning office, and recognizes the benefits of the steady growth in technology-enhanced instruction. However, the committee also wishes to share a concern that students are bearing E-Learning fees as an “add-on” to their full tuition at a time when this technology has become an expectation from most students and most faculty, and many on-line only students are not receiving services that campus students receive with tuition (no fees). If the single fee is approved district-wide, this concern will be rendered moot. If not, then we would like to see a trend toward lowering fees for E-Learning at North.

Shift PT Faculty salaries and benefits to ABE/ESL TBS budget (011-3TBS), and reduce the primary PT Faculty budget (011-3G01):

Shift PT Faculty salaries to ABE/ELS TBS budget	\$	18,000	
Reduce PT Faculty Budget		17,749	\$35,749

The committee requested clarification on certain aspects of the original version of this plan (not displayed here). The above is a modification of that original plan that came about in part as a result of an informative dialogue with the Office of Instruction stemming from the committee’s request for clarification. An adjustment has been made to reduce the amount of PT Faculty costs being shifted to funding available in the ABE/ESL TBS budget (an alternative state funding source). And, a reduction to the primary budget supporting PT Faculty costs (011-3G01) has now been included in the plan.

Decrease Instructional Equipment Repairs budget (092-3E62):

Decrease Instructional Equipment Repair budget	\$	25,000
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This action will reduce the Repairs budget from \$35,500 to \$10,500. The committee requested and received input that costs of this nature that exceed the \$10,500 budget level in a given year will be covered by individual Instructional divisions out of fee budgets under their authority.

The committee also requested clarification as to whether or not the Repair budget would continue to support part of the annual cost of the college’s Microsoft Campus software licensing agreement (a charge of approx. \$10K to this budget in FY 11-12). In reply, the committee was informed that while the budget could bear such costs when it was funded at a much higher level in the past, it can no longer do so.

It is the BAC’s understanding that the resource obtained through this annual software expenditure is utilized by both the college’s instructional and administrative functions; i.e. of benefit to both students and all personnel categories (faculty, staff, and management). Based on this understanding, the committee considers the removal of funding for this cost to be a significant shift in comparison to past practice.

One-third shared FT Faculty position with Seattle Central:

1/3 shared FT Faculty position with Seattle Central	\$	17,571	
1/3 Benefits for FTF position		6,006	\$ 23,577

This figure represents one-third of the annual salary for the position, inclusive of benefits. The inclusion of benefits cost is a modification to the original version of this action.

The committee requested and received confirmation that it is the college’s intent to make this a permanent change; i.e. that Seattle Central will take on at least one-third of the annual salary and benefits of this position permanently.

Conclusion: The committee has no further questions; however it does strongly suggest that any further reallocation of Worker Retraining funds to purposes not specific to the program be closely evaluated at the executive level to ensure that adequate funding is maintained to accomplish program objectives.

CLOSING COMMENTS

The BAC wishes to thank President Mitsui and the Vice Presidents for their close attention to our communications, and for their thorough and prompt replies to our questions and requests for clarification.

For reference, Attachment B lists the budget reduction plans by Unit, line item, and amount. The following summarizes BAC comments and concerns from the Executive Unit reviews:

BAC members express a preference that the President be reimbursed for all travel costs correctly owed.

The committee strongly suggests that reallocation of WRT funds to purposes not specific to the program be closely evaluated.

There are broad-based concerns that arose during the course of this review that are described in the next section

The reductions in permanent level employee positions, across employee categories (Faculty, Classified, and Exempt) experienced by the college as a result of cuts over the past several budget cycles have put pressure on remaining personnel to take on heavier workloads. In some instances these additional duties are substantial and are taken on for extended, if not open-ended, periods of time. From a practical standpoint, such loads cannot be borne indefinitely. The BAC offers that the college must maintain a realistic view of how long such arrangements can be sustained, and rebalance personnel resources accordingly.

Likewise, the committee reflected on the fact that there is a practical limit to how much the faculty budget can be reduced while maintaining a reasonable expectation that the college will meet its legislatively mandated responsibility of generating state-supported student FTEs. The question, which could not be answered, is whether or not we have already reached that point.

To a lesser, but still significant extent, continued permanent reductions in non-permanent personnel categories (Student and Non-Student Hourly positions) as well as non-personnel categories (Goods & Services, Equipment, Travel, etc.) presumably leave holes, at least in some instances, that must eventually be filled. In contrast, divergence from past practice in regard to funding costs that cannot be avoided may leave open the question of how, ultimately, those costs will be covered.

Again, the committee extends its thanks to President Mitsui and the Vice Presidents, and hopes this document will be of service to their efforts and those of the college community.