COLLEGE OF MARIN

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MEMORANDUM

August 7, 2018

To: All Managers & Supervisors

From: Greg Nelson, VP Finance & Operations

Re: 2018/2019 Hiring Freeze

Dear Hiring Manager,

As you may have read in recent months, K-12 and community college districts across California are facing significant financial uncertainty within the current fiscal year due in large part to the impact of pension cost increases and lack of long-term planning to address this issue. Several districts are facing multi-million dollar shortfalls with larger deficits on the horizon.

College of Marin, while not exempt from pension reform, has mitigated these increases with prudent planning over the last few years. The Tentative Budget, passed by the Board of Trustees in June 2018, forecasts our shortfall due to pension costs and other factors over the next three years, with the bulk of this falling in years two and three (2019/20 and 2020/21).

The District has been doing a good job of effectively forecasting and anticipating financial issues. We have designated trust funds to help mitigate the increases in pension costs, long term retirement liabilities (OPEB), and the cost of operating the institution long-term. The District also has a standing reserve policy and procedure that has helped us achieve an AAA bond rating (we are one of only six in the state among community colleges) that allows us to enjoy extremely low interest rates when working with the financial markets. Each of these strategies has put us in the best possible position.

Additionally, we forecast the budget three years in advance, which has allowed the College to plan for and implement pay increases for all bargaining units. All CBAs have been negotiated until FY 2019/20. This forecasting methodology has proven to be a valuable asset to the District over the last four years and has been improved upon year after year.

Despite all of these efforts, we are not immune to the rising pension costs or a potential economic downturn in the economy over the next 12-18 months and need to take additional measures to continue to avoid the types of cuts other institutions are now implementing. Toward that end, PRAC recommended no additional institutional expenditures beyond equipment purchases (which come from designated funds solely for this purpose). Dr. Coon also met with PRAC and discussed how the 2018/19 year will be a pivotal planning year with regard to forecasting the financial position of the District.

Beginning this fall, PRAC, budget managers, and others will need to consider how to develop and achieve a reduction plan of $1.5 million per year for the next three fiscal years. This represents just under 7% of

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the overall budget for the District. This will allow us to mitigate the potential shortfalls, institutionalize some programs, and allow for the increased cost of doing business as a District.

Given we are already in the first year and need time to develop a plan that holds our mission, values, and priorities at the forefront while considering where we can afford to make these necessary reductions, the District is announcing a temporary freeze in the hiring of any position that became vacant after July 1, 2018 as well as some vacant positions that could currently be in the recruiting process. This freeze will be maintained for the 18/19 fiscal year. This action will allow us to substantially reach our $1.5 million reduction target for this year and allow us to focus our efforts on planning for the following two years.

All positions that are to be frozen will need to be presented to PRAC in the Spring of 2019 to potentially plan for recruitment for the 2019/20 fiscal year. However, if a position is deemed to be critical to the operation of the District within the current fiscal year, it will need to be justified by the hiring manager, vetted and approved by division Vice Presidents, and approved by the President to move forward.
If you are a current manager with a budgeted vacancy that you feel may be impacted by this procedural change, please check with your direct supervisor for further clarification. Individual notifications will be disseminated to those managers who are currently impacted by the aforementioned freeze.

This is never an easy topic but it is a course correction that has been diligently studied by staff over the last few months. We believe that with everyone's help and input we can achieve what is needed to close the current gap in funding and ensure financial stability into the future.

Thank you for your attention.

CC: Kelli Gaffney, President, CSEA
Kate Hayne, President, UPM/AFT
Diego Santelices, SEIU Local 1021