



Foothill – De Anza Association of Classified Employees (ACE)
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Date: August 25, 2016
To: ACE Executive Board
From: Chris White, President & Annette Perez, Treasurer
RE: ACE 2016-17 budget with dues reduction recommendation

Background

Prudent budgeting over the years has put ACE in a strong fiscal position for 2016-17. Beginning in 2010, even as membership fluctuated through layoffs, resignations and a hiring freeze, ACE dues averaged \$20,000 a month. During that same time our expenses have remained consistent, averaging \$15,000 a month. The monies we carried forward have allowed ACE to set aside \$575,000 for potential litigation fees, projects (classification study) and other programs that would benefit our members (strike fund).

Every year, litigation fees and fluctuations in membership remain the two most unpredictable variables that impact our budget. Over the past 6 years our litigation costs, which include arbitrations, miscellaneous court fees and reclassification appeals, have averaged \$3500 annually. It is important to note that potential lawsuits could run ACE up to \$20,000 or more. During this time, ACE did file a lawsuit against the District but were able to resolve it (in our favor) prior to going to court. In addition, ACE membership fluctuates with Districts' hiring and budgeting agendas. Currently, with an influx of categorical funding from the state the District has hired many new positions. While these categorical funds are ongoing, they aren't tied to our base apportionment funding from the State and can be easily cut when the State needs to reduce its budget. At the same time, the District continues to decline in enrollment, reducing the ongoing funds we receive from the state. Unless the District can reverse this trend, they will need to look for ways to balance their budget. Historically, they have done this through reducing staff.

Our current dues structure is 1.05% of base monthly salary for full members and .95% for service fee payers. Over the past four (4) years, ACE has forgiven dues from one to two months, depending on our overall budget. In 2015-16, ACE forgave two months of dues, reducing the monthly dues contribution for members from 1.05% to .875% and service fee payers from .95% to .76%. Permanently reducing or increasing dues requires a vote by the membership, where any increase needed in the future could prove challenging to get. The ability to apply dues forgiveness is based on current economic conditions and simply requires action by the executive board.



For the past six (6) years, ACE has carried forward approximately \$70,000 annually. These funds have been vital to building the fiscal stability of ACE. In 2013-14, after layoffs and a hiring freeze, ACE reached its lowest number of members, 388, and was still able to forgive one month of dues while carrying forward \$60,000. Currently, we have 411 members/service fee payers. We still need to build funds for future needs (work stoppages, general cost increases, declines in revenue due to membership loss) but not at the same rate as the early days of ACE.

Recommendation

Given ACE's historically consistent budgeting, fiscally sound savings account and demonstrated ability to carry forward monies even during a decline in membership, while remaining cognizant of the District challenging budget options over the next couple of years, I would recommend permanently reducing dues by 10%. Dues would go from 1.05% to .95% for full members and .95% to .85% for service fee payers. The permanent loss of revenue to ACE would be \$27,500 annually or approximately \$2,300 a month. In addition, I would recommend we leave open the option to forgive dues for one month, if finances allow.

Attached: ACE Tentative Budget 2016-2017 with Dues Reduction Options
ACE Budget Actuals 2011 - 2016

**2016-17 ACE Tentative Budget
Dues Reduction Options**

| | Budget 16-17 | Forgive Dues 1 Month | Forgive Dues 2 Months | Permanently Reduce Dues 10% | Permanently Reduce Dues 15% | Reduce Dues 10% + Forgive Dues 1 Month |
|---|---------------------|---------------------------------|----------------------------------|--|--|---|
| Income | | | | | | |
| Full Dues | 250,000.00 | 250,000.00 | 250,000.00 | 250,000.00 | 250,000.00 | 250,000.00 |
| Service Fees | 25,000.00 | 25,000.00 | 25,000.00 | 25,000.00 | 25,000.00 | 25,000.00 |
| Interest Income | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 |
| Forgive/Reduce Dues | | 23,000.00 | 46,000.00 | 27,500.00 | 41,250.00 | 50,500.00 |
| Total Income | 276,000.00 | 253,000.00 | 230,000.00 | 248,500.00 | 234,750.00 | 225,500.00 |
| Expense | | | | | | |
| Arbitration | | | | | | |
| Arbitration Fees | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 |
| Misc. Court Fees | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 |
| Total Arbitration | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 | 5,000.00 |
| Reclassification Appeals | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 |
| Business Expenses | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Capital Outlay | | | | | | |
| Recorder Laptop | 1,500.00 | 1,500.00 | 1,500.00 | 1,500.00 | 1,500.00 | 1,500.00 |
| Total Capital Outlay | 1,500.00 | 1,500.00 | 1,500.00 | 1,500.00 | 1,500.00 | 1,500.00 |
| Depreciation Expense | 5,500.00 | 5,500.00 | 5,500.00 | 5,500.00 | 5,500.00 | 5,500.00 |
| Legal Expenses | 113,250.00 | 113,250.00 | 113,250.00 | 113,250.00 | 113,250.00 | 113,250.00 |
| Marketing (BBQ/Events) | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 |
| Mileage, Meals, Conference | | | | | | |
| Mileage | 800.00 | 800.00 | 800.00 | 800.00 | 800.00 | 800.00 |
| Meals | 9,000.00 | 9,000.00 | 9,000.00 | 9,000.00 | 9,000.00 | 9,000.00 |
| Conference, Meeting | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 |
| Total Mileage, Meals, Conference | 10,800.00 | 10,800.00 | 10,800.00 | 10,800.00 | 10,800.00 | 10,800.00 |
| Insurance | 6,000.00 | 6,000.00 | 6,000.00 | 6,000.00 | 6,000.00 | 6,000.00 |
| Outside Services | | | | | | |
| Accounting Fees | 4,500.00 | 4,500.00 | 4,500.00 | 4,500.00 | 4,500.00 | 4,500.00 |
| Recorder | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Tax - Audit | 2,800.00 | 2,800.00 | 2,800.00 | 2,800.00 | 2,800.00 | 2,800.00 |
| Total Outside Services | 7,300.00 | 7,300.00 | 7,300.00 | 7,300.00 | 7,300.00 | 7,300.00 |
| Postage, Mailing Service | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Printing and Copying | 500.00 | 500.00 | 500.00 | 500.00 | 500.00 | 500.00 |
| Salaries/Release Time | | | | | | |
| Stipends | 40,925.00 | 40,925.00 | 40,925.00 | 40,925.00 | 40,925.00 | 40,925.00 |
| Officers | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 |
| Total Salaries/Release Time | 43,925.00 | 43,925.00 | 43,925.00 | 43,925.00 | 43,925.00 | 43,925.00 |
| Supplies | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 |
| Taxes | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 |
| Training/Continuing Education | 250.00 | 250.00 | 250.00 | 250.00 | 250.00 | 250.00 |
| Web Hosting | 2,100.00 | 2,100.00 | 2,100.00 | 2,100.00 | 2,100.00 | 2,100.00 |
| Miscellaneous Expenses | | | | | | |
| Total Expense | 203,345.00 | 203,345.00 | 203,345.00 | 203,345.00 | 203,345.00 | 203,345.00 |
| | 72,655.00 | 49,655.00 | 26,655.00 | 45,155.00 | 31,405.00 | 22,155.00 |

Foothill-DeAnza Association of Classified Employees
Income Statement Budget vs. Actual
July 2015 through June 2016

| | Jul '15 - Jun 16 | Budget | \$ Over Budget | % of Budget |
|---|-------------------|-------------------|-------------------|---------------|
| Income | | | | |
| Dues | 205,924.88 | 242,211.00 | -36,286.12 | 85.02% |
| Interest Income | 1,095.35 | 1,000.00 | 95.35 | 109.54% |
| Investments | 0.00 | 0.00 | 0.00 | 0.0% |
| Service Fees | 26,074.19 | 23,220.00 | 2,854.19 | 112.29% |
| Total Income | 233,094.42 | 266,431.00 | -33,336.58 | 87.49% |
| Expense | | | | |
| Arbitration | | | | |
| Arbitration Fees | 1,716.53 | 6,000.00 | -4,283.47 | 28.61% |
| Misc. Court Fees | 625.00 | 1,000.00 | -375.00 | 62.5% |
| Total Arbitration | 2,341.53 | 7,000.00 | -4,658.47 | 33.45% |
| Reclassification Appeals | 1,375.00 | 3,000.00 | -1,625.00 | 45.83% |
| Business Expenses | -5.00 | 200.00 | -205.00 | -2.5% |
| Capital Outlay | 0.00 | 500.00 | -500.00 | 0.0% |
| Depreciation Expense | 4,209.33 | 700.00 | 3,509.33 | 601.33% |
| Kitchen Supplies | 1,222.26 | | | |
| Legal Expenses | 120,150.00 | 110,160.00 | 9,990.00 | 109.07% |
| Marketing (BBQ/Events) | 208.58 | 4,000.00 | -3,791.42 | 5.22% |
| Mileage, Travel and Meetings | | | | |
| Meals | | | | |
| Conference, Convention, Meeting | 796.79 | 7,000.00 | -6,203.21 | 11.38% |
| Mileage/Travel | 571.34 | 800.00 | -228.66 | 71.42% |
| Total Mileage, Travel and Meetings | 6,771.19 | 7,800.00 | -1,028.81 | 86.81% |
| Other - Insurance | 5,855.34 | 3,500.00 | 2,355.34 | 167.3% |
| Outside Services | | | | |
| Accounting Fees | 4,525.00 | 4,200.00 | 325.00 | 107.74% |
| Recorder | 8,417.19 | 38,000.00 | -29,582.81 | 22.15% |
| Tax - Audit | 2,645.00 | 2,250.00 | 395.00 | 117.56% |
| Total Outside Services | 15,587.19 | 44,450.00 | -28,862.81 | 35.07% |
| Postage, Mailing Service | 0.00 | 100.00 | -100.00 | 0.0% |
| Printing and Copying | 0.00 | 500.00 | -500.00 | 0.0% |
| Salaries/Release Time | | | | |
| Stipends | 31,225.00 | 30,000.00 | 1,225.00 | 104.08% |
| Officers | 0.00 | 3,000.00 | -3,000.00 | 0.0% |
| Total Salaries/Release Time | 31,225.00 | 33,000.00 | -1,775.00 | 94.62% |
| Supplies | 713.33 | 1,500.00 | -786.67 | 47.56% |
| Taxes | 10.00 | 400.00 | -390.00 | 2.5% |
| Training/Continuing Education | 0.00 | 250.00 | -250.00 | 0.0% |
| Web Hosting | 1,421.16 | 2,000.00 | -578.84 | 71.06% |
| Miscellaneous Expenses | 54.30 | | | |
| Total Expense | 191,139.21 | 219,060.00 | -27,920.79 | 87.25% |
| Net Income | 41,955.21 | 47,371.00 | -5,415.79 | 88.57% |

ACE Budget To Actuals 2010 through 2016

| | Jul '15 - Jun 16 | Jul '14 - Jun 15 | Jul '13 - Jun 14 | Jul '12 - Jun 13 | Jul '11 - Jun 12 | Jul '10 - Jun 11 |
|---|--|--|---|---|-------------------------|-------------------------|
| Income | | | | | | |
| Dues | 205,924.88 | 186,629.82 | 201,732.33 | 213,548.38 | 241,754.78 | 248,228.78 |
| Interest Income | 1,095.35 | 1,329.69 | 1,822.12 | 1,973.69 | 590.87 | 715.35 |
| Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Service Fees | 26,074.19 | 28,697.93 | 35,809.23 | 36,195.08 | 41,876.77 | 44,496.59 |
| Total Income | 233,094.42 | 216,657.44 | 239,363.68 | 251,717.15 | 284,222.42 | 293,440.72 |
| | <small>total income includes 2 months dues forgiveness</small> | <small>total income includes 2 months dues forgiveness</small> | <small>total income includes 1 month dues forgiveness</small> | <small>total income includes 1 month dues forgiveness</small> | | |
| Expense | | | | | | |
| Arbitration | | | | | | |
| Arbitration Fees | 1,716.53 | 3,930.50 | 1,650.00 | 7,041.25 | 343.95 | 3,068.54 |
| Misc. Court Fees | 625.00 | 435.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Arbitration | 2,341.53 | 4,365.50 | 1,650.00 | 7,041.25 | 343.95 | 3,068.54 |
| Reclassification Appeals | 1,375.00 | 1,532.44 | 0.00 | 0.00 | 0.00 | 0.00 |
| Business Expenses | -5.00 | 0.00 | 31.00 | 0.00 | 60.00 | 210.74 |
| Capital Outlay | 0.00 | 0.00 | 0.00 | 20.00 | 0.00 | 0.00 |
| Depreciation Expense | 4,209.33 | 1,471.08 | 707.07 | 1,339.52 | 1,300.92 | 1,285.56 |
| Kitchen Supplies | 1,222.26 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Legal Expenses | 120,150.00 | 110,140.00 | 110,185.20 | 99,000.00 | 117,000.00 | 108,000.00 |
| Marketing (BBQ/Events) | 208.58 | 3,930.95 | 3,000.00 | 1,571.10 | 0.00 | 876.47 |
| Mileage, Travel and Meetings | | | | | | |
| Meals | 5,403.06 | 2,695.51 | 3,227.59 | 248.58 | 0.00 | 0.00 |
| Conference, Convention, Meeting | 796.79 | 3,442.66 | 1,017.34 | 2,728.29 | 2,607.46 | 171.84 |
| Mileage/Travel | 571.34 | 756.67 | 1,249.43 | 514.94 | 942.98 | 381.22 |
| Total Mileage, Travel and Meetings | 6,771.19 | 6,894.84 | 5,494.36 | 3,491.81 | 3,550.44 | 553.06 |
| Other - Insurance | 5,855.34 | 3,296.00 | 3,080.00 | 2,881.25 | 2,881.25 | 2,881.25 |
| Outside Services | | | | | | |
| Accounting Fees | 4,525.00 | 4,200.00 | 4,925.00 | 4,975.00 | 3,575.00 | 4,650.00 |
| Recorder | 8,417.19 | 16,140.00 | 0.00 | 0.00 | 0.00 | 28,719.20 |
| Tax - Audit | 2,645.00 | 2,580.00 | 3,200.00 | 3,200.00 | 3,550.00 | 3,000.00 |
| Total Outside Services | 15,587.19 | 26,216.00 | 8,125.00 | 8,175.00 | 7,125.00 | 36,369.20 |
| Postage, Mailing Service | 0.00 | 0.00 | 47.12 | 0.00 | 9.30 | 44.00 |
| Printing and Copying | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,782.50 |
| Salaries/Release Time | | | | | | |
| Stipends | 31,225.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Officers | 0.00 | 14,459.42 | 44,041.17 | 45,556.31 | 72,498.25 | 7,568.79 |
| Total Salaries/Release Time | 31,225.00 | 14,459.42 | 44,041.17 | 45,556.31 | 72,498.25 | 7,568.79 |
| Supplies | 713.33 | 759.53 | 1,505.21 | 2,002.29 | 1,834.14 | 1,593.15 |
| Taxes | 10.00 | 30.00 | 10.00 | 25.00 | 0.00 | 1,782.50 |
| Training/Continuing Education | 0.00 | 0.00 | 342.12 | 0.00 | 1,489.10 | -699.83 |
| Web Hosting | 1,421.16 | 1,445.00 | 1,090.99 | 1,090.99 | 1,090.35 | 1,079.40 |
| Miscellaneous Expenses | 54.30 | 0.00 | 0.00 | 0.00 | 10.00 | 0.00 |
| Total Expense | 191,139.21 | 174,540.76 | 179,309.24 | 172,194.52 | 209,192.70 | 167,794.99 |
| Net Income | 41,955.21 | 42,116.68 | 60,054.44 | 79,522.63 | 75,029.72 | 125,645.73 |