



Date: July 16, 2020

To: ACE Executive Board

From: Chris White, President

RE: ACE 2020-2021 budget with dues forgiveness recommendation

Background:

The 2019-2020 year has been unlike no other. Two-thirds of the way through the fiscal year a pandemic, COVID-19, hit the world and sent everyone home to shelter in place. As employees of Foothill-De Anza (FHDA) we have been fortunate that much of our work is able to be done remotely and, to-date, no permanent employee as has lost their job as a result of this pandemic.

Unfortunately, the same can't be said for many who work outside of FHDA. In a July 2020 survey to our members, we asked two questions: 1) Due to COVID-19 and the resulting shelter in place (SIP), has your income been negatively impacted? 53 percent of survey respondents said yes. 2) When asked why, 27 percent had lost their second job, 46 percent stated a loss of income from another financial contributor to the household, 75 percent stated increased household expenses from working remotely and the SIP, and nearly 9 percent needed to reduce their contract to take care of family members as a result of this SIP. For the second question, survey respondents could check all that apply. The response rate for this survey was 52 percent.

In April, this board voted to help the membership deal with the uncertainties of this pandemic and the SIP, and forgave dues for the remainder of the fiscal year. The loss of revenue would be \$55,500 and we would cover expenses with our savings. At the same time, smart financial planning by our treasurer increased our interest income 15 percent from the previous year. This offset our losses and ending June 30, 2020 we only used \$31,000 from our savings. This still leaves us with a healthy savings of \$722,380 to cover \$500,000 for a strike fund, \$10,000 for a five percent reserve, \$25,000 for unsettled litigation (CalPERS), and \$100,000 for any legal action related to the classification study. We have an unallocated savings balance of \$87,467.

In 2018, to address consistent carryforward funds from the previous years, the Board looked at finding the most equitable way to reduce dues for members while at the same time ensuring the Association remains fiscally sound. Some options, like permanently reducing dues weren't as attractive because the amount members would save would be far less than when we could give when we forgive dues. Other options



included a flat fee for all members, and a percentage based on the current rate with a cap for higher earners. In February of 2019, the negotiating team posed this question to the membership in a survey and 76% of respondents chose to keep our current dues structure. In addition, the Janus decision handed down by the Supreme Court in June 2018 significantly altered how we are funded as new employees do not have to become a member. At present a little over half of new employees choose to become a member.

Recommendation:

Due to the uncertainty of membership enrollment coupled with stagnant expenses, it would be fiscally prudent for ACE keep our dues structure unchanged and forgive dues for 2020-2021. 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.

To support our members during this pandemic and help offset any financial losses or increased expenses they may incur as a result, we could continue to use our savings to cover expenses. For the time-period between July 1 and December 30, 2020, it would cost ACE approximately \$90,000 from savings to cover expenses and not collect dues. We currently have a little over \$87,000 in unallocated in savings and the \$100,000 set aside for the classification study will most likely go unused.

I recommend ACE forgive dues at a minimum of three months up and, based on our savings, we could cover a full six months of forgiveness ending, December 30, 2020 and still leave ACE fiscally stable moving forward.

Attached:

2020 – 2021 ACE Budget - DRAFT
2020- 2021 ACE Budget with Dues Forgiveness Options
2019-2020 – ACE Budget to Actuals
ACE Budget Actuals 2011 -2020

	<u>Jul '20 - Jun 21</u>
Income	
Dues	204,000.00
Interest Income	7,500.00
Total Income	<u>211,500.00</u>
Expense	
Arbitration	
Arbitration Fees	4,000.00
Misc. Court Fees	1,000.00
Total Arbitration	<u>5,000.00</u>
Reclassification Appeals	
Reclassification Appeals	3,000.00
Total Reclassification Appeals	<u>3,000.00</u>
Business Expenses	
Business Registration Fees	
Business Expenses - Other	100.00
Total Business Expenses	<u>100.00</u>
Capital Outlay	0.00
Depreciation Expense	5,500.00
Legal Expenses	
Legal Fees - Bradley Booth	114,000.00
Legal Expenses - Other	
Total Legal Expenses	<u>114,000.00</u>
Marketing (BBQ/Events)	3,000.00
Mileage, Travel and Meetings	
Meals	5,000.00
Conference, Convention, Meeting	2,500.00
Mileage/Travel	400.00
Total Mileage, Travel and Meetings	<u>7,900.00</u>
Other Types of Expenses	
Insurance - Liability, D and O	4,500.00
Total Other Types of Expenses	<u>4,500.00</u>
Outside Services	
Accounting Fees	
Nancy Reynolds	4,500.00
Accounting Fees - Other	
Total Accounting Fees	<u>4,500.00</u>
Tax - Audit	
Islip LLC	2,900.00
Tax - Audit - Other	
Total Tax - Audit	<u>2,900.00</u>
Total Outside Services	<u>7,400.00</u>
Postage, Mailing Service	50.00
Printing and Copying	200.00
Salaries/Release Time	
Stipends	40,925.00
Officers	0.00
Total Salaries/Release Time	<u>40,925.00</u>
Books, Reference	1,500.00
Office Supplies	2,000.00
Software	400.00
Subscriptions	540.00
Taxes	10.00
Training/Continuing Education	250.00
Web Hosting	220.00
Miscellaneous Expenses	
Total Expense	<u>196,495.00</u> <u><u>15,005.00</u></u>

Contingency Funds		722,380.00
5% reserve		9,923.00
Strike Fund		\$500,000.00
Authorized litigation		\$25,000.00
Classification Study		\$100,000.00
Unallocated		<u>\$87,457.00</u>

	<u>Jul '20 - Jun'21</u>	<u>Jul '20 - Jun'21</u>	<u>Jul '20 - Jun'21</u>	<u>Jul '20 - Jun'21</u>	<u>Jul '19 - Jun 20 Actuals</u>
	No dues forgiveness	1 month dues forgiveness	3 months dues forgiveness	6 months dues forgiveness	Includes 4 months dues forgiveness
Income					
Dues	204,000.00	187,000.00	153,000.00	102,000.00	128,189.35
Interest Income	4,500.00	4,500.00	4,500.00	4,500.00	16,337.41
Service Fees	0	0	0	0	0.00
Total Income	208,500.00	191,500.00	157,500.00	106,500.00	144,526.76
Expense					
Arbitration					
Arbitration Fees	4,000.00	4,000.00	4,000.00	4,000.00	0.00
Misc. Court Fees	1,000.00	1,000.00	1,000.00	1,000.00	0.00
Total Arbitration	5,000.00	5,000.00	5,000.00	5,000.00	0.00
Reclassification Appeals					
Reclassification Appeals	3,000.00	3,000.00	3,000.00	3,000.00	0.00
Total Reclassification Appeals	3,000.00	3,000.00	3,000.00	3,000.00	0.00
Business Expenses					
Business Registration Fees					0.00
Business Expenses - Other	100.00	100.00	100.00	100.00	193.00
Total Business Expenses	100.00	100.00	100.00	100.00	193.00
Capital Outlay	0.00	0.00	0.00	0.00	0.00
Depreciation Expense	5,500.00	5,500.00	5,500.00	5,500.00	5,061.96
Legal Expenses					
Legal Fees - Bradley Booth	114,000.00	114,000.00	114,000.00	114,000.00	114,000.00
Legal Expenses - Other					
Total Legal Expenses	114,000.00	114,000.00	114,000.00	114,000.00	114,000.00
Marketing (BBQ/Events)	3,000.00	3,000.00	3,000.00	3,000.00	2,320.00
Mileage, Travel and Meetings					
Meals	5,000.00	5,000.00	5,000.00	5,000.00	4,853.69
Conference, Convention, Meeting	2,500.00	2,500.00	2,500.00	2,500.00	0.00
Mileage/Travel	400.00	400.00	400.00	400.00	290.81
Total Mileage, Travel and Meetings	7,900.00	7,900.00	7,900.00	7,900.00	5,144.50
Other Types of Expenses					
Insurance - Liability, D and O	4,500.00	4,500.00	4,500.00	4,500.00	3,594.76
Total Other Types of Expenses	4,500.00	4,500.00	4,500.00	4,500.00	3,594.76
Outside Services					
Accounting Fees					
Nancy Reynolds	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00
Accounting Fees - Other					4,970.00
Total Accounting Fees	4,500.00	4,500.00	4,500.00	4,500.00	9,470.00
Tax - Audit					
Islip LLC	2,900.00	2,900.00	2,900.00	2,900.00	2,835.00
Tax - Audit - Other					
Total Tax - Audit	2,900.00	2,900.00	2,900.00	2,900.00	2,835.00
Total Outside Services	7,400.00	7,400.00	7,400.00	7,400.00	12,305.00
Postage, Mailing Service	50.00	50.00	50.00	50.00	0.00
Printing and Copying	200.00	200.00	200.00	200.00	0.00
Salaries/Release Time					
Stipends	40,925.00	40,925.00	40,925.00	40,925.00	32,825.00
Officers	0.00	0.00	0.00	0.00	0.00
Total Salaries/Release Time	40,925.00	40,925.00	40,925.00	40,925.00	32,825.00
Books, Reference	1,500.00	1,500.00	1,500.00	1,500.00	0.00
Office Supplies	2,000.00	2,000.00	2,000.00	2,000.00	55.04
Software	400.00	400.00	400.00	400.00	0.00
Subscriptions	540.00	540.00	540.00	540.00	859.79
Taxes	10.00	10.00	10.00	10.00	10.00
Training/Continuing Education	250.00	250.00	250.00	250.00	0.00
Web Hosting	220.00	220.00	220.00	220.00	219.39
Miscellaneous Expenses	0.00	0.00	0.00	0.00	0.00
Total Expense	196,495.00	196,495.00	196,495.00	196,495.00	175,871.62
	12,005.00	-4,995.00	-38,995.00	-89,995.00	-31,344.86

Contingency Funds	722,380.00
5% reserve	9,923.00
Strike Fund	\$500,000.00
Authorized litigation	\$25,000.00
Classification Study	\$100,000.00
Unallocated	\$87,457.00

Foothill-DeAnza Association of Classified Employees Income Statement Budget vs. Actual July 2019 through June 2020

	Jul '19 - Jun 20	Budget	\$ Over Budget	% of Budget
Income				
Dues	128,189.35	212,840.00	-84,650.65	60.23%
Interest Income	16,337.41	15,000.00	1,337.41	108.92%
Total Income	144,526.76	227,840.00	-83,313.24	63.43%
Expense				
Arbitration				
Arbitration Fees	0.00	4,000.00	-4,000.00	0.0%
Misc. Court Fees	0.00	1,000.00	-1,000.00	0.0%
Total Arbitration	0.00	5,000.00	-5,000.00	0.0%
Reclassification Appeals	0.00	3,000.00	-3,000.00	0.0%
Books, Reference	0.00	1,000.00	-1,000.00	0.0%
Business Expenses				
Bank Fees	193.00			
Business Expenses - Other	0.00	50.00	-50.00	0.0%
Total Business Expenses	193.00	50.00	143.00	386.0%
Depreciation Expense	5,061.96	5,000.00	61.96	101.24%
Legal Expenses				
Legal Fees - Bradley Booth	114,000.00	114,000.00	0.00	100.0%
Total Legal Expenses	114,000.00	114,000.00	0.00	100.0%
Marketing (BBQ/Events)	2,320.00	3,000.00	-680.00	77.33%
Mileage, Travel and Meetings				
Meals	4,853.69	7,000.00	-2,146.31	69.34%
Conference, Convention, Meeting	0.00	2,500.00	-2,500.00	0.0%
Mileage/Travel	290.81	300.00	-9.19	96.94%
Total Mileage, Travel and Meetings	5,144.50	9,800.00	-4,655.50	52.5%
Other Types of Expenses				
Insurance - Liability, D and O	3,594.76	4,500.00	-905.24	79.88%
Total Other Types of Expenses	3,594.76	4,500.00	-905.24	79.88%
Outside Services				
Financial Consulting				
Robina Bennion	5,040.00			
Financial Consulting - Other	-70.00			
Total Financial Consulting	4,970.00			
Accounting Fees				
Nancy Reynolds	4,500.00	4,500.00	0.00	100.0%
Total Accounting Fees	4,500.00	4,500.00	0.00	100.0%
Tax - Audit				
Islip LLC	2,835.00	2,900.00	-65.00	97.76%
Total Tax - Audit	2,835.00	2,900.00	-65.00	97.76%
Total Outside Services	12,305.00	7,400.00	4,905.00	166.28%
Postage, Mailing Service	0.00	50.00	-50.00	0.0%
Printing and Copying	0.00	200.00	-200.00	0.0%
Salaries/Release Time				
Stipends	32,825.00	40,925.00	-8,100.00	80.21%
Total Salaries/Release Time	32,825.00	40,925.00	-8,100.00	80.21%

Foothill-DeAnza Association of Classified Employees Income Statement Budget vs. Actual July 2019 through June 2020

	Jul '19 - Jun 20	Budget	\$ Over Budget	% of Budget
Software	0.00	400.00	-400.00	0.0%
Software Subscriptions	0.00	540.00	-540.00	0.0%
Subscriptions	859.79			
Supplies	55.04	2,000.00	-1,944.96	2.75%
Taxes				
Backup Withholding				
Backup Withholding-IMMA Savings	2.34			
Backup Withholding - CD 7199	-212.81			
Backup Withholding - CD 7207	-532.03			
Backup Withholding - CD 7215	25.68			
Total Backup Withholding	-716.82			
Taxes - Other	10.00	10.00	0.00	100.0%
Total Taxes	-706.82	10.00	-716.82	-7,068.2%
Training/Continuing Education	0.00	250.00	-250.00	0.0%
Web Hosting	219.39	250.00	-30.61	87.76%
Total Expense	175,871.62	197,375.00	-21,503.38	89.11%
Net Income	-31,344.86	30,465.00	-61,809.86	-102.89%

ACE Budget Actuals 2011-2016

	Jul '19 - Jun 20	Jul '18 - Jun '19	Jul '17 - Jun '18	Jul '16 - Jun '17	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	128,189.35	183,200.44	166,952.30	234,715.38	205,924.88	186,629.82	201,732.33	213,548.38	241,754.78	248,228.78
Interest Income	0.00	5,476.79	2,733.56	2,873.07	1,095.35	1,329.69	1,822.12	1,973.69	590.87	715.35
Service Fees	16,337.41	1,673.44	12,796.74	24,524.33	26,074.19	28,697.93	35,809.23	36,195.08	41,876.77	44,496.59
Total Income	144,526.76	190,350.67	182,482.60	262,112.78	233,094.42	216,657.44	239,363.68	251,717.15	284,222.42	293,440.72
	<small>includes 4 months dues forgiveness/ COVID 19 pandemic relief</small>	<small>total income includes 2 months dues forgiveness</small>	<small>total income includes 3 months dues forgiveness</small>	<small>total income includes 10% permanent dues reduction & 2 months dues forgiveness</small>	<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	0.00	0.00	0.00	0.00	1,716.53	3,930.50	1,650.00	7,041.25	343.95	3,068.54
Misc. Court Fees	0.00	0.00	3,000.00	0.00	625.00	435.00	0.00	0.00	0.00	0.00
Total Arbitration	0.00	0.00	3,000.00	0.00	2,341.53	4,365.50	1,650.00	7,041.25	343.95	3,068.54
Reclassification Appeals	0.00	0.00	0.00	1,125.00	1,375.00	1,532.44	0.00	0.00	0.00	0.00
Business Expenses	193.00	20.00	12.50	20.00	-5.00	0.00	31.00	0.00	60.00	210.74
Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	0.00	0.00
Depreciation Expense	5,061.96	4,640.13	5,192.62	5,685.98	4,209.33	1,471.08	707.07	1,339.52	1,300.92	1,285.56
Kitchen Supplies	0.00	0.00	0.00	0.00	1,222.26	0.00	0.00	0.00	0.00	0.00
Legal Expenses	114,000.00	104,935.00	114,000.00	113,500.00	120,150.00	110,140.00	110,185.20	99,000.00	117,000.00	108,000.00
Marketing (BBQ/Events)	2,320.00	0.00	1,269.02	1,389.99	208.58	3,930.95	3,000.00	1,571.10	0.00	876.47
Mileage, Travel and Meetings										
Meals	4,853.69	5,320.04	326.01	6,177.20	5,403.06	2,695.51	3,227.59	248.58	0.00	0.00
Conference, Convention, Meeting	0.00	1,450.00	6,480.02	3,079.44	796.79	3,442.66	1,017.34	2,728.29	2,607.46	171.84
Mileage/Travel	290.81	177.39	280.00	402.40	571.34	756.67	1,249.43	514.94	942.98	381.22
Total Mileage, Travel and Meetings	5,144.50	6,947.43	7,086.03	9,659.04	6,771.19	6,894.84	5,494.36	3,491.81	3,550.44	553.06
Other - Insurance	3,594.76	3,769.76	\$3,457.50	3,406.94	5,855.34	3,296.00	3,080.00	2,881.25	2,881.25	2,881.25
Outside Services										
Accounting Fees	4,500.00	4,125.00	4,500.00	4,500.00	4,525.00	4,200.00	4,925.00	4,975.00	3,575.00	4,650.00
Financial Consultant	4,970.00									
Recorder	0.00	0.00	0.00	0.00	8,417.19	16,140.00	0.00	0.00	0.00	28,719.20
Tax - Audit	2,835.00	2,759.00	2,759.00	2,720.00	2,645.00	2,580.00	3,200.00	3,200.00	3,550.00	3,000.00
Total Outside Services	12,305.00	6,884.00	7,259.00	7,220.00	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	0.00	20.85	0.00	0.00	47.12	0.00	9.30	44.00
Printing and Copying	0.00	0.00	153.75	0.00	0.00	0.00	0.00	0.00	0.00	1,782.50
Salaries/Release Time										
Stipends	32,825.00	29,475.00	30,725.00	21,050.00	31,225.00	0.00	0.00	0.00	0.00	0.00
Officers	0.00	0.00	0.00	0.00	0.00	14,459.42	44,041.17	45,556.31	72,498.25	7,568.79
Total Salaries/Release Time	32,825.00	29,475.00	30,725.00	21,050.00	31,225.00	14,459.42	44,041.17	45,556.31	72,498.25	7,568.79
Subscriptions, Books, Reference	85.79	469.04	1,456.50	74.70	0.00	0.00	0.00	0.00	0.00	0.00
Supplies	55.04	1,225.73	1,943.14	1,908.62	713.33	759.53	1,505.21	2,002.29	1,834.14	1,593.15
Taxes	10.00	10.00	10.00	10.00	10.00	30.00	10.00	25.00	0.00	1,782.50
Training/Continuing Education	0.00	0.00	0.00	0.00	0.00	0.00	342.12	0.00	1,489.10	-699.83
Web Hosting	219.39	1,778.40	2,134.12	2,199.90	1,421.16	1,445.00	1,090.99	1,090.99	1,090.35	1,079.40
Miscellaneous Expenses	0.00	0.00	1,723.48	112.39	54.30	0.00	0.00	0.00	10.00	0.00
Total Expense	175,814.44	161,537.80	179,422.66	167,383.41	191,139.21	174,540.76	179,309.24	172,194.52	209,192.70	167,794.99
Net Income	-31,287.68	28,812.87	3,059.94	94,729.37	41,955.21	42,116.68	60,054.44	79,522.63	75,029.72	125,645.73