All Board Members were present with the exception of Mr. Luis Villegas.

A. **Closed Session**

The Board of Trustees of the Santa Barbara Community College District conducted a closed session. The purpose of which was to discuss with the District's Counsel a personnel matter involving hourly employees of the District and a potential court case involving encroachment of the District's property line. In addition, the Closed Session dealt with the annual evaluation of the Superintendent/President.

Following the Closed Session, the Superintendent/President reported that the Board of Trustees had provided direction to its counsel in regard to both the personnel matter and the property line issue. Also reported was that the Board of Trustees judged that the Superintendent/President had fulfilled his responsibilities in a commendable manner. In accord with the Board's contract with the Superintendent/President this positive evaluation results in the extension of the Superintendent/President's contract for a full three-year term (July 1, 1994 to June 30, 1997).

B. **Budget**

1. **California State Budget**

The Superintendent/President reported on the progress being made by the Legislature and the Governor to establish the state budget. The conditions under which the budget is being established are most challenging; specifically, the sharp drop in state income and increasing demands for state services. In his comments, the Superintendent/President stated that discussion is focused on the fee with the Governor advocating an increase of over 50 percent to $20/unit and the Legislature's position that of maintaining a fee of $13/unit. Also being discussed is the reduction of the community college budget because of the drop in enrollment of BA holders. Of great significance to the community college systems are the property tax backfill bills, AB 973 (Bornstein) and AB 3474 (O'Connell). Some positive news has been received on AB 973, specifically, regarding the $109 million in property tax shortfall for the current year. It was reported that an agreement had been reached between the Governor and legislative leaders that $59 million would be provided for the community colleges. This will be most helpful in eliminating deficit spending that would occur in many districts. If this information is accurate, it is encouraging because it indicates an acceptance for state responsibility to provide funds consistent with what is budgeted. If AB973 is approved, it provides support for AB 3474.
2. **SBCC Tentative Budget**

The tentative budget to be presented to the Board of Trustees at the meeting on June 30, 1994, was reviewed. Budget assumptions include a projection of a General Fund revenue shortfall of three percent and elimination of basic skills funding. This would result in a loss of revenue of approximately $1.2 million. However, because there was a two percent shortfall planned for in the 1993-94 budget, the net drop in revenue from the previous year's budget will be $635,443. On the expense side, there is an expense increase of $250,000 for salary schedule step adjustments. A series of actions taken to not fill vacancies created by faculty retirements and retirement or resignations of classified positions; reductions in the classified and certificated hourly amounts; campus improvements and legal services combined yielded an overall reduction in expenditures of $604,000. The budget however, is still out of balance; i.e., expenditures exceed revenues by approximately $280,953. The Superintendent/President said this matter will be addressed by not filling positions for vacancies that are expected during the fall semester.

It was emphasized that if the state budget is more favorable than assumed, it will not be necessary to make the adjustments outlined in the tentative budget. We should have a good indication of that at the time of the Board meeting on June 30.

Of concern is the College's enrollment. Two years ago, in the fall of 1992, the College was dealing with the problem of how it could accommodate all of the students requesting classes. For the current year, enrollment for summer session is down approximately 7 percent from fall of 1992. Applications for fall of 1994 and enrollment are down by approximately 8 percent from last year, 16 percent from two years ago. It is a very troubling situation. Efforts are being made to identify a public awareness plan to notify individuals of availability of classes at SBCC to deal with the drop in enrollment.

Also reviewed with the Board was the division of the budget into three categories. Specifically general fund - unrestricted, general fund - restricted, and lottery. This will make it easier to interpret the budget. Also reviewed were the six special accounts; specifically, the bookstore, cafeteria, children's center, rehabilitation/maintenance/construction, equipment replacement and self insurance.

The Superintendent/President also emphasized that, though there is a gap of approximately $300,000 in income and expenses, the District is maintaining a five percent operating reserve. It was agreed that until further definition is provided from the state in terms of funds available for 1994-95, this approach represents reasonable and prudent planning for the year.

3. **College Planning Council - Budget Reduction Activity - Status Report**

The Superintendent/President outlined the activities taking place with the College Planning Council (CPC). Specifically, CPC is involved in identifying the permanent cuts that may have to be made in the College's budget effective July 1, 1995. These cuts would total $1,435,000. A minimum of $400,000 is expected for cuts in order to deal with cost increases over which the College has little control. The second $1 million will be required if the shortfall identified in budget planning does occur. CPC has been most diligent in carrying out its task.
The task has been time consuming and difficult. The second task involves an effort to change the basic approach to doing business at the College. For this activity, there is much training that must occur among the staff and a concerted effort on the part of all members of the faculty and staff. This will continue to be worked on over the summer and early fall.

C. Planning

1. CPEC Paper

The Superintendent/President referred to the CPEC paper, highlighting the need to provide a public policy framework for decision making in Sacramento on the higher education budget. He noted that the last three years at the state level have been marked by ad hoc decision making without a sound philosophy to guide the choices being made. The outline of the CPEC paper was reviewed.

2. Assessment of Institutional Effectiveness

The Superintendent/President reviewed the fact that at the August 25, 1994, it is expected that a report on institutional effectiveness will be delivered. Also, in planning for 1994-95, in the overall assessment of the College, a series of community-based focused groups would be convened to seek testimony on the effectiveness of SBCC and how the College can improve upon its functioning.

D. Annual Audit Focus - Overview

The matter of the annual audit was reviewed with the Board. The areas of attention that had been provided to the auditor in the past were reviewed and it was requested as to whether the Board had any areas they wished to have focused on. The Board indicated that they would appreciate greater review of the Co-Curricular Budget; specifically, whether the budget is being formulated in accord with operational guidelines. Also the trust accounts, whether they are set up and operated in accordance with appropriate Ed Codes and other legal requirements.

E. Miscellaneous

1. Executive Director of the Foundation for SBCC

The Superintendent/President reported that Mr. E. Howland Swift had accepted the position of Executive Director of the Foundation and it was with great enthusiasm that his arrival is anticipated. Board Members Eli Luria and Len Jarrott, who participated in the selection, voiced a great sense of optimism regarding Mr. Swift’s capabilities and their belief that he will contribute greatly to the Foundation of SBCC.

2. Defeat of Proposition 1C

The Superintendent/President reported on the election results and the loss to the community college district of approximately $7 million over the two-year period of construction projects. At present there is a discussion in the Legislature to have the measure repeated for the November election, the thought being that the low voter turnout resulted in the less than favorable response.
3. **Building Fumes**

The Superintendent/President provided a report on the issue/problem that had occurred during the spring semester regarding the air quality in the Administration Building. Approximately, $150,000 has been spent both in investigating the cause and correcting the apparent difficulties. In addition, more work needs to be done in the drainage system in the courtyard in the auto quad area.

Following completion in the physical changes in the workspace, it is expected that individuals will return to the area and be able to function therein.

4. **Naming of the Stadium**

This was reviewed and confirmed that if a gift of $1.5 - $2 million was received, it would be possible to rename the stadium.

5. **Student Grievance**

The matter of a student grievance was reviewed. The Superintendent/President received a conclusion as to the Board's position. That will be communicated to the student.

The meeting adjourned at 9:05 p.m.

PRM:sjc