MINUTES
SPECIAL MEETING OF THE BOARD OF TRUSTEES
SANTA BARBARA COMMUNITY COLLEGE DISTRICT

Wednesday, February 16, 2011

SPECIAL MEETING/STUDY SESSION
Room A218
4:00 pm

MacDougall Administration Center
Santa Barbara City College
721 Cliff Drive

The Office of the Superintendent/President, Room A 110 in the MacDougall Administration Center is the location where documents that are public records relating to any item under discussion on a Board agenda (including documents distributed with the agenda and those distributed to all or a majority of the members of the Board within 72 hours prior to a regular Board meeting or within 24 hours prior to a special or committee meeting) are available for public inspection.

Board agendas and supporting documents are also posted on the College website at http://www.sbcc.edu/boardoftrustees/.

1. GENERAL FUNCTIONS

1.1 CALL TO ORDER

President Haslund called the meeting to order.

1.2 ROLL CALL

Members present:
Marty Blum
Marsha Croninger
Peter Haslund, President
Morris Jurkowitz
Joan Livingston
Lisa Macker
Luis Villegas, Vice President
Nicole Ridgell, Student Trustee

Others present for all or some of the meeting:
Dr. Andreea M. Serban, Supt/President and Secretary Clerk to the Board of Trustees
Cornelia Alsheimer, Instructors’ Association Chief Negotiator
Dr. Ofelia Arellano, VP Continuing Education
Liz Auchincloss, President CSEA
Dr. Jack Friedlander, EVP Educational Programs
Joe Sullivan, Vice President Business Service
1.3 WELCOME
President Haslund extended a cordial welcome to all.

1.4 HEARING OF CITIZENS
No citizen expressed a wish to address the Board.

2. STUDY SESSION

2.1 Funding for California Community Colleges (Attachment 1)
Superintendent/President Serban noted that this information is not new material, but wanted to highlight some information regarding revenue sources. Reviewed the revenue sources on the attachment and spoke about state apportionment or state funding and where the funding comes from. It was noted that categorical funds are expected to be used for EOPS, DSPS, and Matriculation and the expectations for those programs are set in Title 5 and there are regulations on what is to be reported for those programs. It was reported that we were one of the few colleges that made the commitment, at the Board level and it’s up for discussion again, if the state funding for categorical programs is significantly cut, we will backfill from the general fund at a level sufficient to be able to maintain those programs and to continue to serve the students at almost the same level. This year from the 2010-11 budget we are providing from the general fund $825,000 to offset an almost 50% cut made to the categorical programs by the state. Trustee Macker would also like to know what other programs are being backfilled and Superintendent/President Serban noted that this information is noted in the 2010-11 adopted budget, along with the assumptions.

2.2 Budgets and budgeting (Attachment 2)
Superintendent/President Serban reported that budget development and planning go through the College’s governance process. The Academic Senate, Classified Consultation Group, and College Planning Council go through a number of iterations, discussions and reviews of the budget and the assumptions and recommendations are then presented to the Board. During these numerous iterations, the Board does have an opportunity to provide their input before the tentative budget is submitted. The tentative budget needs to be adopted by June 15 and the adopted budget by September 15.

Trustee Macker would like to see the Board more actively involved with the budget development and setting priorities much earlier in the process. Would like to see an annual revisiting of the institutional goals and curriculum and where we want to be and we don’t need to have the answer on the Governor’s budget to have these discussions.

Superintendent/President Serban asked the Board’s input on an assumption that for the 2011-2 budget, given the timing, staff would be able to continue to put together the budget the way they have in the past and that the Board would not expect them to have all of the actual numbers for 2011-12 in March. Time is needed to do the work to provide informed numbers that would mean that no actual numbers would come to the Board until April or May. The Board agreed that staff could continue as they have and that when the specific numbers are presented then discussion would take place on how these numbers reflect and implement the kind of policies that were discussed.

2.3 SBCC annual budget development timeline and relationship to State budget development and State allocations (Attachment 3)
Superintendent/President Serban reported this timeline is similar to the calendar that has been used during the past two years. It was noted that the P-1 state apportionment has not been
received to date. This is something that the Board needs to keep in mind that things depend on the information received from the State and any realistic planning needs to tie back to some realistic expectations of revenue. Superintendent/President Serban reviewed the budget development timeline and how it affects the College. Trustee Macker would like to see more information included in the timeline that reflects the Board contemplation and discussion of priorities and values for the budget preparation and would like to see this as an item on the March 10 study session agenda. President Haslund noted that he would work with Trustee Macker on the wording for this agenda item for the March 10 study session.

2.4 2010-11 SBCC adopted budget (Attachment 4)

Superintendent/President Serban reported that a suggestion had been made by Trustees Croninger and Macker to change the format of this item; however, a change would not be made unless it was a consensus of the entire Board. Asked that several examples be brought forward and then guidance from the Board as to which format they would like to use. Trustee Villegas suggested that examples be brought to the Fiscal Committee and discussed there and then once there is a consensus as to formats among the committee members then they can be brought forward for discussion at a study session with the entire Board.

2.5 Fiscal state reporting requirements for 2010-11; CCFS 311Q for 2010-11 quarter ending December 31, 2010 (Attachment 5)

Superintendent/President Serban noted that Trustee Macker had some questions regarding the requirements for the filing of CCFS 311Q and the attachment provided included information on the deadline dates set by the State for filing state reports. Part of the attachment included the current CCFS-311Q report that was filed with the State.

2.6 Overview of unrestricted general fund revenues and expenditures 2001-02 to 2009-10 actuals and 2010-11 adjusted (Attachment 6)

2.7 Overview of transfers out 2001-02 to 2009-10 actuals (Attachment 7)

2.8 Overview of interest revenue on general fund balances 2001-02 to 2009-10 actuals (Attachment 8)

2.9 Overview of general fund balances 2001-02 to 2009-10 actuals and JPA net assets (Attachment 9)

Superintendent/President Serban reported that these four agenda items are all related and she also provided a one page write up of the unrestricted general fund trend analysis. This was something that was discussed at the Trustees' Workshop in January in Sacramento and that was related to what percentage of expenses and what percentage of revenues, particularly in the unrestricted area are salaries, benefits and fixed costs. The importance of that goes back to the concept that in times when cuts need to be made to the budget and there is a good reserve base, the College is able to withstand a level of cuts.
Superintendent/President Serban reviewed the ten year history of what has been transferred out from general fund balances to various funds and actually, except for 2003/04, there used to be a lot more transferred from revenues. Due to the cut in state revenues, a decision was made to reduce the transfers to construction and equipment funds significantly in 2008-09 and in 2009-10. However, money needs to be transferred to these various funds if we want to maintain the infrastructure of this campus. The adopted budget for 2010-11 has a transfer of a much higher amount to construction and equipment compared to the last two years but more in line with years prior to 2008-09. This was done intentionally to allow for more money to be in the undesignated general fund balance and a certain commitment needs to be established as to what percentage of the revenue should be saved for various things that come up during the year. Trustee Macker would like to see a projection of over the next five years of what the plan is for the transfers being made. Superintendent/President Serban stated that five years was too long, however, they could provide a three year plan. There is a chapter in the Institutional Effectiveness Report that will be brought to the Facilities Committee that relates to the cost of maintenance and other costs and the entire Institutional Effectiveness Report will brought to either the March or April study session and relevant chapters to the Fiscal and Educational Policies committees.

Superintendent/President Serban noted that the interest compared to 10 years ago in the general fund balances has declined by about 57% and this is important because this is unrestricted money that the College uses.

Superintendent/President Serban noted that she added some information (attachment 9) as it relates to what percentage of the unrestricted general fund expenditures and revenues the general fund balances represented. This report shows that this College has always had strong reserves and that the $30 million in reserves in 2001-02 represented 54% of the College’s unrestricted general fund revenues. Strong reserves have always been the approach of this College and it has ensured great safety and stability for the operation of the College.

2.10 SBCC Institutional Effectiveness - fiscal indicators (provided as a handout)

Superintendent/President Serban reported that the Institutional Effectiveness Report is updated every year. This report tracks very carefully a variety of indicators in various areas and this is the opportunity for the Board once they review this report, to recommend other information they may want to see included in future reports. Input can be discussed at a Fiscal meeting and then at a study session.

2.11 SBCC Board budget principles and Board policies related to budget development and management (Attachment 10)

Superintendent/President Serban reported that these are the three policies that staff use and have followed when working on budget development. The policies are followed and Superintendent/President provided an explanation as to how this is done. The budget principles are a real key for the College, staff use them and are very important. The Board may want to update these policies and they will have the opportunity to do so in the upcoming months, staff will also make recommendations for changes to these policies.

2.12 Accreditation standard III.D Financial resources (Attachment 11)

Superintendent/President Serban reported that a perfect and very positive re-affirmation of accreditation is very rare these days and we are one of the few colleges in the State of the 112 colleges that doesn’t owe a progress follow-up report to the Accrediting Commission as a result of the comprehensive re-affirmation accreditation that took place in October 2009. A budget crisis does not matter to the Accrediting Commission; Standard III.D.2.c states, an institution is required to have sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management and realistic planning to meet financial emergency and unforeseen
occurrences. Standard III.D.1.c states, when making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. It was noted that if an institution’s fiscal stability becomes dire, then the State will send in a Trustee that becomes a part of the institution’s Board of Trustees. Accreditation standards must be met at all times.

2.13 Approach to preparing the 2011-12 tentative budget and planning ahead for 2012-13 and 2013-14

2.13.1 Governor’s Proposed Budget for 2011-12 and implications for California Community Colleges and SBCC (Attachment 12)

Superintendent/President Serban provided a handout on the preparation for 2011-12 budget and preliminary recommendations to and questions for the Board of Trustees from the Superintendent/President and the Executive Committee. This is a preliminary document and because we are having our study session on budget today we are presenting the document for your review and this document will be presented to the College Planning Council at its next meeting. These are preliminary recommendations and suggestions and would like feedback from the Board. The recommendation from the Superintendent/President Serban and the Executive Committee is to implement the ongoing cut to base funding in a three year phased approach and this approach was explained. The reserves will be drawn down; however, this is a more orderly and less painful way to implement this cut. The Board will need to advise staff if they support these recommendations by the March 10 study session.

Maintaining the Center status does not need to be accomplished exclusively through non-credit FTES and information was provided as to how that status is achieved and it was also noted that the on-going state funding cut will be implemented as a workload reduction that means the base of full-time equivalent students for which funding is received will be reduced by whatever amount the cut is. The Board will need to make a decision on recommendations number 2 and 3 and the decisions from the Board will be needed by staff by the dates provided.

Trustee Croninger noted that in her opinion some of the problems that occurred in 2009-10 were because decisions were made too quickly; they were not thoroughly vetted within the College and the community and doesn’t want to make the same mistake again. Some of the Board members felt that a broader discussion needed to take place regarding the workload reduction, didn’t want to make any quick decisions and wanted more time. The entire budget will need to be looked at before any decision is made as to where the cuts will take place and also a discussion would need to take place as to what reserves the Board wants to have for the College.

Dr. Ofelia Arellano, Vice President of Continuing Education, requested direction from the Board because on March 1 her staff will begin to work with faculty to develop the schedule of classes for summer 2011. Superintendent/President Serban noted that there are several options for summer: 1) provide the same reduced summer session that was offered last summer, 2) add some non-enhanced, state-supported classes to the enhanced state-supported classes offered last summer, or 3) have a summer that keeps enhanced classes as last summer but adds more fee-based courses to those that are in already in place.

Trustee Macker noted that she would not make an uninformed decision, a lot of material was presented today and March 10 is too late to begin a discussion about general fund reserves and suggested that another study session be scheduled in the next week or so to discuss this further. Superintendent/President Serban noted that the only time sensitive issue that needed a consensus from the Board was the Continuing Education summer schedule, everything else would continued to be discussed at the upcoming study session and Fiscal Committee meeting.
President Haslund requested direction of Superintendent/President Serban if she wanted to continue the meeting tonight or schedule another meeting. These are difficult times and we may have to meet more often than necessary, we want to take informed votes and there is a lot of material. Superintendent/President Serban asked if the Board was available to meet on February 23rd, she would schedule another study session. The Board concurred that another meeting on February 23rd would work for them and there will be no new handouts, that meeting would be a continuation of this meeting.

3. ADJOURNMENT

President Haslund adjourned the meeting. The next Regular Meeting of the Board of Trustees will be held on Thursday, February 24, 2011 at 4:00 p.m. in A211.

APPROVED BY THE BOARD OF TRUSTEES ON May 12, 2011

[Signature]
President, Board of Trustees

[Signature]
Superintendent/President
Secretary/Clerk of the Board