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

June 11, 2009

SPECIAL MEETING/STUDY SESSION
Room A-218
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 Alexander called the meeting to order.

1.2 ROLL CALL

Members present:
Dr. Kathryn Alexander
Dr. Joe Dobbs
Mrs. Sally Green
Mr. Morris Jurkowitz
Mr. Des O’Neill
Mr. Luis Villegas

Member absent:
Ms. Joan Livingston

Others present for all or some of the meeting:
Dr. Andreea M. Serban, Supt/President and Secretary
Alarcon, Ignacio, President Academic Senate
Dr. Arellano, Ofelia, Vice President CE
Auchincloss, Liz, President CSEA
Dr. Bishop, Paul, VP Info Tech
Ehrlich, Sue, VP Human Resources
Dr. Friedlander, Jack, Exec Vice
1.3 WELCOME

President Alexander extended a cordial welcome to all.

1.4 MINUTES OF THE SPECIAL MEETING OF MAY 14, 2009

Upon motion by Mr. O’Neill, seconded by Dr. Dobbs, the Board approved the minutes of the special meeting of May 14, 2009.

1.5 HEARING OF CITIZENS

No citizen expressed a wish to address the Board.

1.6 SUPERINTENDENT/PRESIDENT CONTRACT

President Alexander appointed an ad-hoc committee consisting of Dr. Joe Dobbs, Mr. Des O’Neill, and Mr. Morris Jurkowitz to bring recommendations for action at the June 25, 2009 Board meeting regarding the Superintendent/President’s contract.

Upon motion by Mr. Villegas, seconded by Mrs. Green, the Board approved the appointment of this ad-hoc committee.

Upon motion by Mr. O’Neill, seconded by Dr. Dobbs, the Board approved adjourning to study session.

2. STUDY SESSION

2.1 BP 1500 Duties of Faculty – General
2.2 BP 1501 Instructional Faculty Job Description and Responsibilities
2.3 BP 1502 Educational Support Faculty Job Descriptions and Responsibilities

Ignacio Alarcon reported that these used to be listed as Appendix A of District Policy 1500 and are being presented today for discussion as policies that will be presented for Board approval at the board meeting.

2.4 BP 5231.6 Academic Integrity Policy
2.5 AP 5231.6 Academic Integrity Administrative Procedure

Ignacio Alarcon reported that this policy was initiated by the Academic Policies Committee. Dan Wrentmore investigated good practices of academic honesty. This was discussed by the committee and also discussed with the Academic Senate, the Board Policy and Administrative Procedures Committee, Ben Partee, who is in the Office of Student Life, and with the Student Senate. Mr. O’Neill suggested changing the words defraud to deceive. This policy will be presented for Board approval at the Board meeting with this word change.

2.6 Report from the Fiscal Committee

Mr. Luis Villegas reported that Superintendent/President Serban reported that the magnitude of the reductions that the College is facing now is unprecedented and it’s probably the worse that we have ever faced. Looking at the cuts that the College will have to make in the range of $5.7 million or $6 million, one of the things that was discussed at the Fiscal Committee meeting was
that with the constantly changing nature of the budget it will be very difficult to present a tentative balanced budget by June of this year and we are looking at presenting a balanced budget by the September Board meeting. Given what you'll hear today probably, in addition to what we heard at the Fiscal meeting, we are going to have to look at all of our options and the Board will have to consider all of the options and obviously we will have to negotiate those that require it, whether it's salary reductions across the board, whether its potential lay-offs, whether it's golden handshakes and the possibility of that, the situation is dire. The Board should think about these options as we hear about where we are fiscally.

President Alexander noted that the Board is facing the fact that they will have to approve at the next Board meeting a tentative budget and as Mr. Villegas had pointed out there is no way it will be a balanced budget. There will be a public hearing at that Board meeting and the Board should seriously consider as we go through this material indicating to the administration where there is a consensus of the Board, so that they can come to that Board meeting knowing what the Board has discussed. The public hearing would also allow all components of the College a chance to directly address the Board on this issue. The Board has to adopt the budget and we may adopt the budget with the understanding that the hiring freeze will remain in place, we may adopt the budget with the understanding that we're going to try and hit a certain goal in terms of reductions, we are going to adopt a budget with the understanding that every opportunity to augment income will be made. It is important to show at that meeting how we are progressing in an orderly fashion. The Board members requested that this discussion take place after they have heard today's presentations.

Superintendent/President Serban reported that some proposals are being put into place for discussion today and the issue of not having a balanced budget by the June board meeting is that internally we need time to properly evaluate and review various options. We want to avoid hasty actions that may hurt us in the long run. We clearly understand and what Mr. Villegas has stated is very true, everything is on the table at this point. We must achieve a balanced budget this year and this will come with consequences, given the magnitude of the reductions.

2.7 Assumptions Used for the Development of the 2009-10 Tentative Budget

Superintendent/President Serban reported that this year in 08-09 the $4.2 million reductions that have been put in place are not actual true reductions, for example $1.3 million was not transferred from ending balances to the equipment fund and this is a cut that no one has actually felt. The cuts that were felt were the cuts made to hourly workers. However, we did backfill a substantial amount from other sources, such as state basic skills monies, bookstore ending balances, etc. These cuts have not been felt; however, they have helped us. There have been other cuts, such as travel, professional development and sabbaticals, these are small cuts that have been made to our budget and unfortunately, based on the May 14 revise, and we will now have to cut $5.7 million more and where we are now this will require a fundamental restructuring of how we function. It will require significant reductions in ongoing expenditures that are either a combination of looking at compensation or some fundamental items and we want to avoid layoffs, which means that something else big has to give. The California Community College League, the CEO group, Chancellor's office, and various other groups have developed a counter proposal that was presented to the Legislature for consideration and the key point there is the concept of workload reduction, which means the FTES base must adjusted, reduced, to reflect actual funding per FTES. Of course this would impact the students, because if the base is lower we will offer fewer sections and serve fewer students, however, the concept is let's serve fewer students well rather than a lot of students poorly. Unless the workload base is reduced the College would need to produce the same number of FTES to reach the base, because if we fall behind we will be only given one year of grace to restore the base and we will need to make up those FTES. In normal times the College has had difficulty reaching the funded growth and this year was the third year in a row
that we had to borrow from our second Summer session to get the growth cap we needed. The College has to be very careful in reducing sections, especially on the credit side, because it will be difficult to recover. As noted from other community colleges which have had to cut sections, it takes years to recover. Currently our assumption is that unless the workload base is reduced, we are maintaining our base, which means we are not reducing sections and therefore we need to achieve these cuts in a different manner. If the College cuts sections and unless the FTES base is reduced, we are cutting revenue.

2.8 Impact of the Governor’s May 14, 2009 Revise on SBCC Categorical Programs

2.9 Preliminary 2009-10 Tentative Budget – Unrestricted General Fund

Vice President Sullivan reported that the auditor has shared a bulletin that states the Governor has yet to decide whether or not to allow community colleges to accrue the deferred revenue at year end. If they allow us to accrue it that implies that there will be future payments, but if they go through the budget process and advise community colleges that they cannot accrue the payments at year end, that means that they have cut our revenue. Vice President Sullivan provided highlights from the assumptions used to develop the tentative budget for 09-10 and reminded everyone that the Governor’s May 14 revise was used when making these assumptions.

- We currently have a debt of $8 million in deferred payments.
- Categorical cuts projected by programs.
- Part-time faculty compensation has been reduced.
- Apportionment has been reduced $1.6 million for the change in the reimbursement of PE and recreational FTES from the credit to non-credit rate.
- 2009-10 deficit factor now consists of $550,000 apportionment short fall and a $1,550,000 property tax short fall.
- There is a proposal from the Legislative Analyst Office for a $60.00 per unit fee; this is not being projected because it’s not in the State budget. The counter proposal is between $22 to $26.

Observations for the 2009-10 budget are:

- Due to the deferred payments we face cash slated deficit of approximately $5.8 million after depleting ending balances for the deferrals and absorbing additional cuts from reserves.
- The budget takes into account the $4.8 million in general fund cuts and assuming $1.9 million in back fill for categorical cuts that may not be achieved in the September adopted budget.
- There are some one time solutions that could provide $467,900 and they are:
  - Don’t transfer $117,909 needed to replace the copiers on a 5 year cycle.
  - Don’t transfer $250,000 for the energy project.
  - Don’t transfer $100,000 to the equipment fund.

Vice President Sullivan reported that after implementing these one-time solutions, in order to maintain the 5% mandated contingency, the required amount to cover the banked TLUs and make up the cash shortfall, the College still needs to cut $5,739,202 from the 09-10 expenditures. Vice President Sullivan reviewed the 2009-10 tentative budget and explained where the College stood with regards to ending fund balances. Currently the tentative budget shows an ending balance of $7.3 million and when the state revenue referrals are taken from that amount the College has a negative balance of $643,058, which would be our ending cash balance on June 30, 2010, given the assumptions that are in the budget. The Board concurred that the one-time solutions should be part of the total solution.

Vice President Sullivan reviewed the impacts on the categorical programs. The column that
showed the salary and benefits for permanent employees in categorical programs of $2.8 million was calculated with the premise that there will be no lay-offs. Categorical program directors were asked to review their budgets and see where more cuts could be made in their programs, they came up with some cuts and then others needed about 75% of their current budgets to cover their expenses. There was an issue with the assumptions made in the categorical programs and that was some programs do not have enough in their budget to fund the salary & benefits for their permanent employees.

Superintendent/President Serban reported that this is going to be an on-going problem as these are proposed to be on-going cuts for the next 5-6 years. The College may be able to back fill these expenses for 2009-10, however, the College cannot sustain these backfills for categorical programs from the general fund on an ongoing basis. Reserves are already being reduced to the bare minimum and the one-time solutions are for the 2009-10 budget only. Discussions will continue with all of the categorical directors and a thorough analysis will be conducted of all programs. Dr. Alexander felt that the Board had concurred that administration would likely be doing a lot more work on the categorical program's budgets before they come to any final conclusions.

2.10 Complete 2009-10 Tentative Budget Packet

Vice President Sullivan reviewed the tentative budget packet. It was noted in the revenue that unsecured grants were not budgeted and it includes the reduced state funding, which is why there is a significant reductions from the prior year, as the revenue and expenses for this are not recognized until it is received. In expenses it was noted that expenses for restricted grants were reduced to match the budgeted revenue. It was also noted that the state revenue was budgeted at the reduced level per the Governor's May revised budget proposal. Vice President Sullivan noted that this reflects the transfer to categorical funds to partially backfill the state budget cuts. The Intrafund transfers out reflect the transfer to the Children's Center, equipment fund, and construction fund. It was pointed out that there was a reduction for general apportionment and property tax shortfall of $2,100,000 and a $1,600,000 reduction for physical education cut.

Concern was expressed as to what would the College do if the state were to hold our deferred payments until September. Superintendent/President Serban reported that if payments are not received from the state until September, the College will run out of cash and what will need to happen is that a new analysis of cash flow will need to be conducted and the question that needs to be answered is when will the College not be able to make payroll. Superintendent/President Serban noted that a study session had been scheduled for July 23 and that the cash flow analysis will be presented at that meeting assuming the state budget is approved by then.

The bookstore is doing very well and John Lorelli will make his usual transfers to the general fund. The state does not provide any support for the bookstore, so they will need to maintain their maintenance and contingency reserves. Food Services has turned around these last few years and Marc Sullivan is doing a good job and we hope that this continues to be a positive venue.

The Children's Center each year has been losing revenue. They have responded by cutting costs where they can, unfortunately this has been a very tough year and next year looks to be the same. Dr. Alexander asked that this item be placed on the agenda for the July study session and would like to see information regarding the removal of infants and increasing the enrollment of children 2 1/2 through 5 years what would the budget look like if this were to occur. Superintendent/President Serban noted that there would have to be a fundamental restructure of the center and how it operates for it to be an actual break even operation. Part of the
problem is that the center only operates for 10 months and many parents need 12 month child care.

The construction fund looks like there is a lot of money in the account because we show $12,521,000 for Drama/Music, but in reality this is not real cash, it is accrued funds.

2.11 Planning for Implementation of Budget Reductions for 2009-10

Superintendent/President Serban reported that this document is a preliminary outline of some actions being discussed to reduce expenditures. One of the reductions that will be presented for Board approval at the June board meeting is the reduction and re-structuring of the hourly pay rates. A proposal was handed out at the meeting which has been discussed and continues to be discussed with the management group and other groups. This issue is an employment issue and is not a governance issue, it is not a consultation issue, however, we are discussing with the management group and others in the spirit of having the dialogue about the financial implications. Given the gravity of our financial situation, as we need to cut $5.7 million, one area that we must absolutely reduce next year is how much is spent on hourlies and student workers. This year, in 2008-09, we have spent almost $5 million in classified hourlies and student workers. Salary Table 22 has 170 titles ranging from $8.00 to $41.67 an hour. A survey was conducted by HR of other California Community Colleges and the results show that our hourly rates are significantly higher, both for student rate and non-student rate. Santa Monica Community College was one of the colleges surveyed and it was noted that it only has one rate for students and that is $8.00 per hour. This year in 2008-09 the majority of our hourly classified staff were tutors in Gateway, readers, learning support, and instructional assistance, and there are more than 216 workers in just these 5 classifications with pay ranges from $10.18/hr to $19.33/hr which is actually a high hourly rate when compared with other colleges. What is being proposed are two options and they are the red option and the blue option. These options are trying to simplify our hourly rate structure, which should happen anyway. The red option collapses all of the 170 titles and ranges to basically 7 ranges with equal pay for the same work regardless of whether one is a student worker or an hourly worker and the blue option has 5 ranges. It is understood that because of certain requirements for 4 positions we would never be able to get someone in those particular positions for $14/hr, so an exception was made to those positions only, and the wedding monitor position is paid from the wedding proceeds, so it is not affected by these options. If the red option had been in place at the beginning of the 2008-09 budget, the college would have saved $508,000 and if the blue option had been in place would have saved $909,000. The hourly expenditures need to be cut in 2009-10, it is one of the major expenditures that the college can cut and hourly staff and student workers have no legal expectations of ongoing employment. By putting in place one of these two options we will achieve the following:

- We will maximize the number of hours worked for the college in various departments, acknowledging that we do need in certain areas a certain number of hourlies.
- Equitable pay for the same work regardless of whether it is a student worker vs an hourly worker.
- Continue to provide the opportunity for a number of people including students to gain income.
- Contribute to the overall and ongoing expenditure reductions that we must have in place for 2009-10. We are looking to reducing the hourly expenditures by $1.5 million.

Superintendent/President Serban stressed that this is a crisis situation that requires exceptional measures and in comparison we have been paying our hourlies a lot more than other community colleges. This was discussed with the management group as we wanted to understand the implications of reducing the pay rates and that was when it was brought to our attention that certain positions, because of their requirements, would require a higher rate otherwise no one would apply for the position. It was noted that hourly rates cannot be changed in the middle of the fiscal year, so the Board will need to approve either the red option or the
blue option, so that the option can be in place at the beginning of the 2009-10 fiscal period. A consensus of the Board was that this item should go forward for Board approval at the June Board meeting. A recommendation will be presented for the Board's approval; obviously the blue option would save the College more money.

Superintendent/President Serban requested from the Board their approval to temporarily remove the limit of international students which is currently up to 6% and allow the limit to be raised up to 8%. One of the questions asked at the Fiscal meeting was “how do we compare to other colleges in regard to international student enrollments?” A handout was provided with the most recent data available which is for Fall 07 and this information is based on an annual survey conducted by the Institute on International Education. The reason for this request is that for every additional 50 international students the College takes over a period of 2 years, the College will generate $254,447 in additional unrestricted revenue. There was a sense at the Fiscal meeting that given the crisis we are facing this should be placed on the June agenda for Board approval. There was a sense of the Board at this meeting that this item could be placed on the June agenda.

2.12 2009-10 Budget Counter Proposals from Various Groups including CCLC, Chancellor's Office, CEO Board – This item was not discussed.

2.13 Discussion of Proposed Items for Future Agendas of Board Meetings (regular meetings, study sessions, or committee meetings)

1. Cash Flow Analysis
2. The Children Center

Upon motion by Dr. Dobbs, seconded by Mr. O'Neill, the Board approved reconvening to general session.

3. ADJOURNMENT

Upon motion by Dr. Dobbs, seconded by Mr. O'Neill, the Board approved adjourning this meeting. The next Regular Meeting of the Board of Trustees will be held on Thursday, June 25, 2009 at 4:00 p.m. in A211. A Study Session will be held on July 23, 2009 in A218.