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

September 10, 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, President
Mrs. Sally Green
Mr. Morris Jerkowitz
Ms. Joan Livingston
Mr. Des O'Neill
Mr. Luis Villegas

Members absent:
Dr. Joe Dobbs, Vice President

Others present for all or some of the meeting:
Dr. Andreea M. Serban, Supt/President and Secretary Clerk to the Board of Trustees
Dr. Ofelia Arellano, VP Continuing Ed
Dr. Alice Scharper, Ed Programs
Joan Galvan, PIO
Dr. Lynne Stark, President IA
Tom Garey, Theater
Dr. Paul Bishop, VP Info Technology
Liz Auchincloss, President CSEA
Ignacio Alarcon, President Academic Senate
Marilynn Spaventa, Ed Programs
Joe Sullivan, VP Business Services
1.3 WELCOME

President Alexander extended a cordial welcome to all.

1.4 MINUTES OF THE STUDY SESSION OF AUGUST 13, 2009

Upon motion by Mr. O’Neill, seconded by Mrs. Green, the Board approved the minutes of the study session of August 13, 2009.

1.5 HEARING OF CITIZENS

No citizen expressed a wish to address the Board.

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

2. STUDY SESSION

2.1 Steps Taken to Achieve a Balanced Adopted Budget for 2009-10

Superintendent/President Serban reported that the information being presented is the result of everyone’s efforts to date and it’s a slightly better outcome than the draft discussed last time we met. It’s becoming increasingly apparent, now that the semester has been underway: the reductions we had to put in place are being felt. On the positive side, we were able to fulfill the promise of presenting the Board with a balanced budget for approval. However, there are issues with the assumptions made, with the reductions made and the fact that some of the reductions are not sustainable. During the fall semester, we will be have discussions as to what extent can the 2010-11 budget be balanced or will we have to use some of our reserves in order to continue to provide support to the areas that experienced reductions. It is clear that in 2010-11 we need to go back to transferring money back into the equipment and construction funds. This is something that can no longer be debated; the funds in these accounts are being depleted and need to be replaced. Superintendent/President Serban reported that while on the credit side sections have been reduced for the fall semester, cutting sections in the non-credit side is proving to be difficult. Cutting sections in Continuing Education has never been done and the reaction from the community has been strong, it varies from outright threats and being nasty to Dr. Ofelia Arellano and to Dr. Serban. Reductions have never occurred in Continuing Ed before and though everyone knows we have a budget crisis, no one is willing to give up their classes and they don’t understand the concept of the cost of these classes. Realistically, we will not be able to reduce the non-credit FTES as much as we need given the workload reduction now in effect. Dr. Ofelia Arellano reported that in the past the minimum enrollment expectation had not been enforced, the number of students in the class had to be 17, this fall the number was increased to 20. Dr. Arellano was taken back by the reaction from the community to the initial cut of 13% of sections that was done to try and meet the target of 300 non-credit FTES that need to be reduced in 2009-10. This process was unknown to Continuing Ed and the reaction from the community was shocking.

Superintendent/President Serban reported that this needed to be discussed because the Board would need to concur with what staff is trying to do with cutting sections at
Continuing Ed. Unfortunately, these strong reactions were compounded by the problematic online registration for Continuing Ed. If the Board concurs with what staff needs to do in Continuing Ed, then they will continue. However, if the Board does not, the work taking place will stop. Ms. Livingston noted that she felt that this is the kind of discussion that should be taking place with the Continuing Ed Advisory Council. Superintendent/President Serban reported that this was discussed at the advisory meetings, along with the budget crisis the college is facing. Ms. Livingston felt that this should be a two way conversation with the group. Superintendent/President Serban noted that members of the Advisory Council, who had attended the meetings where she and Dr. Arellano discussed the budget issues and what the college planned to do about it, are some of the people who are upset about the cuts being made. Dr. Arellano noted that information regarding the cancellation of classes was posted on the Continuing Ed website. Mrs. Green asked why there isn’t a flat fee charged for classes. Superintendent/President Serban reported that this was reviewed by staff and that the fee charged needed to at least pay for the cost of the instructor and some of the administration costs for each class. However, the response from some of the community members was negative because they felt the fees were too high. Dr. Arellano reported that she and staff will conduct an analysis of which classes currently being offered by Continuing Ed can be converted to fee-based, but realizing, at the same time, that this will impact their state apportionment. Fee-based classes cannot be claimed for FTES reimbursement. Dr. Arellano reported that the fall schedule was reduced 13% and Continuing Ed is working towards the reduction of 300 FTES for the academic year. Fall classes have begun and they will be monitored as there are many classes currently that are under the 20 required enrollments. The instructors have been alerted that they need to get more students in the class or their class will be canceled for low enrollments. The winter session will be reduced from 10 to 8 weeks, as a first step, rather than reducing classes across the board.

The Board concurred with the enrollment work that is currently taking place at Continuing Ed. Discussions will continue on this subject and everything will need to be considered.

The other areas that will need to be discussed further this year are the categorical programs. The additional augmentation from the general fund for categorical programs for 2009-10 was $566,885 and this was a result of most programs having carryovers from the 2008-09 budget. The carryover will be used this year along with what will be received from the federal stimulus and the 2010-11 budget will need to be discussed. To be able to maintain the current services we provide, we will have to augment from general fund reserves a significant amount, and to continue to do this every year is non-sustainable budgeting. Vice President Sullivan provided a handout of selected categorical programs budgets and noted that the new information received was included which was that the systemwide backfill from federal stimulus had been reduced form $130 million to $37 million system-wide. Superintendent/President Serban noted that the problem will be 2010-11 and forward. Internal discussions need to take place regarding what cuts will need to be made. Ms. Livingston asked if there was a breakdown available of what are salary and other expenses. Superintendent/President Serban said that she does have that information and would email the Board. However, some programs if they were to operate on just the state funding, they would not be able to fund the permanent employees currently employed in the programs. This handout
does not show the entire support received from the general fund, this is just showing the augmentation to make up for the cuts in the current state allocation. Superintendent/President Serban reported that we are actually funding a lot more from the general fund than is shown and we’ve traditionally supported these programs significantly from the general fund.

Superintendent/President Serban reported that next year the federal stimulus and carryovers disappear and basically we will be left with only the state allocation which will be approximately 50% less than what these programs received in the past. The questions that will need to be answered internally will be:

- What is the minimum level of support we want to have?
- What does it mean in terms of using general funds?
- Can we afford the programs and for how long before the reserves are depleted?

Superintendent/President Serban noted that these are decisions that will need to be made collectively. It is easy to dismantle. However, it is very difficult to recreate so perhaps it is worth spending the reserves for a few years and, hopefully, the state funding will be restored in 3-4 years and then in the 4th year, if there is no funding, then perhaps at that point programs will need to be significantly reduced. These discussions will need to take place during the fall semester in preparation for the 2010-11 budget.

Ms. Livingston noted that the Board will need to come to terms with the utilization of the reserves before we go to specific uses of it. Superintendent/President Serban reported that these are the discussions that will be taking place because they are so important. The current budget crisis has forced us to see how dependent we are on maintaining high ending balances, because it is the only way we can operate. Our current ongoing expenses are about 90% of our general fund revenue and unless we are able to do something about that we will always rely on ending balances and reserves.

Superintendent/President Serban reported that this is the first year that we will be taking out the funds from the budget for unfilled positions; this doesn’t mean that they will not be filled next year. All the efforts that have been made have resulted in a balanced budget that will be presented for Board approval at the September board meeting.

2.2 2009-10 Adopted Budget Compared to 2007-08 Audited Actuals, 2008-09 Unaudited Actuals and 2009-10 Tentative Budget

Vice President Sullivan reported that the 2009-10 budget is solid. Our revenue didn’t drop as much as it was slated and we had the added advantage of the growth, which is why we ended up on the positive side. Superintendent/President Serban noted that the other item that will be continually repeated is the difference between accrual basis and cash basis. Due to the deferred payments taking place, we should be looking at our cash basis which is the actual amount of funds available to us.

2.3 Complete 2009-10 Adopted Budget Packet
Superintendent/President Serban and Vice President Sullivan reviewed the budget that will be presented for Board approval. In the unrestricted fund, there was a reduction in the state general apportionment and a one-time property tax backfill. There was an increase in the international and nonresident tuition and there were some budget reductions. From this fund, there were transfers made to categorical programs to partially backfill state budget cuts, there was a transfer to the Children’s Center and to the construction fund. In the restricted general fund, the key numbers were the transfer in from unrestricted general fund to partially cover cuts to categorical programs and there were other transfers in that resulted in a zero balance. These figures had been reviewed at the past meetings.

Superintendent/President Serban reported that the she has not forgotten that the Board wants to review the Children’s Center operation. This semester a group that includes a consultant being paid by the Orfalea Foundation and college employees will review the Children’s Center operation and will provide options for making the Center break even in terms of revenues and expenses.

2.4 Drama/Music Modernization - Unforeseen Conditions and Missing scope

Mr. Steve Massetti reported on the drama/music modernization and as had been discussed that since this is a modernization project and since this is a combination of two projects it was known that there would be some coordination issues and unforeseen issues. Some of those issues have begun to surface and the items being presented are things that have come up. There are no dollar amounts for the majority of these yet and it is suspected that there will be others as the project proceeds.

- Additional asbestos had been discovered and needs to be abated. There are some areas where additional abatement will be required. However, there are areas where the asbestos will be encapsulated or covered and will not be abated. The “as built” plans will now have these locations noted.
- A bank of conduit and wiring had been discovered under the stage that is in conflict with the new structural walls in the theater. In order for the work to be performed, the conduits and wires must be relocated, which resulted in delay of the project. An analysis is being conducted on the impact of the change and the architect is designing the necessary scope of work needed. The cost is unknown at this time.
- There are a number of soundproof practice rooms that were expected to be replaced. Due to an oversight, this was not included in the specifications for the project. The cost impact is estimated to be in the range of $250,000 to $300,000.

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

Dr. Alexander requested that the November study session agenda include the following items:
- Board Travel
- Institutional memberships

3. CLOSED SESSION
Upon motion by Mr. O’Neill, and seconded by Mrs. Livingston, the Board approved adjourning to closed session.

1. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9 of the Government Code – one case.

Upon motion by Ms. Livingston, seconded by Mrs. Green, the Board approved reconvening to open session.

President Alexander noted that there was nothing to report.

4. ADJOURNMENT

Upon motion by Mr. O’Neill, seconded by Mr. Jurkowitz, the Board approved adjourning the study session. The next Regular Meeting of the Board of Trustees will be held on Thursday, September 24, 2009 at 4:00 p.m. in A211. A Study Session will be held on October 8, 2009 in A218.