Santa Barbara City College
College Planning Council
Tuesday, February 15, 2011
3:00 pm – 4:30 pm
A218C
Minutes

PRESENT:

A. Serban (Chair), Superintendent/President;
I. Alarcon, President, Academic Senate;
O. Arellano, Vice President, Continuing Education;
L. Auchincloss, President, CSEA;
P. Bishop, VP Information Technology;
S. Ehrlich, VP HR &LA
R. Else, Sr. Dir. Inst. Assessment, Research and Planning
J. Friedlander, Executive VP Ed Programs;
M. Guillen, Classified Staff Representative;
R. Limon, President Student Senate;
K. Monda, Academic Senate Representative, Chair Planning and Resources Committee;
K. Neufeld, VP, Academic Senate Representative;
C. Salazar, Classified Staff Representative;
J. Sullivan, VP Business Service

ABSENT:

T. Garey, Academic Senate Representative
D. Nevins, Academic Senate President-elect

GUESTS:

C. Alsheimer, Instructors' Association
M. Croninger, Board of Trustees Membe;
L. Macker, Board of Trustees Member
J. E. Meyer, Biology Professor
K. O'Connor, Interim Director, PE
J. Pike, Director, LRC
A. Scharper, Dean, Ed Programs
M. Spaventa, Dean, Ed Programs
L. Stark, President, Instructors' Associatio;
E. Stoddard, Cont Ed Instructor, Parent Child Workshop
L. Vasquez, Instructional Technology Committee Chair

Superintendent/President Serban called the meeting to order.

Dr. Serban handed out copies of the February 14, 2011 email from Chancellor Jack Scott re: Budget matters. Dr. Serban focused on the magnitude of what is being discussed at the State level. In his email, Chancellor Scott is referring to the most optimistic version of the cuts: $400 million, which he is arguing for. Even though a vote has not been taken, it is very clear that the chances that this will be implemented through a 5% workload reduction are high. What this 5% reduction would mean for SBCC is (roughly estimated) a reduction of 100 FTES non-credit and about over 600 FTES credit, and this is the optimistic version. The less optimistic version is as high as about 10%, doubling the reduction of FTES. Implementing a cut of over 600 FTES (which is the optimistic version) in credit at this point given the other cuts we have made, the impact on the college will be severe. The college cannot expect this kind of a cut without cutting courses and sections, it is not possible. Dr. Serban gave a rough example of the how it will affect TLUs and stated the administration is in the process of calculating the real cost of producing X amount of FTES. There are so many indirect and shared costs that it is hard to pinpoint an exact cost.

Dr. Serban stated that the February 15 email from the CCLC President and Chief Executive Officer, Scott Lay, is even worse than the news from Chancellor Scott. In his email, Scott Lay reported from a memorandum from the Legislative Analyst's Office which outlines a proposal on how to solve the state's budget problem without tax increases. There were three recommendations and Dr. Serban focused on the recommendation to eliminate state subsidy for intercollegiate athletics ($55 million). This is really referring to the fact that we could no longer claim FTES for athletic classes which would result in the elimination of the concept of athletics in community colleges, because who could continue to afford to offer athletics if it is not reimbursed by the State. The PE Interim Director K. O'Connor stated that all the student athletes are full time students, taking a full load of classes; they succeed at a higher rate than the normal student and they have higher transfer rates. By eliminating the state subsidy, the state is cutting out a segment of the population that is actually doing what the state wants them to do. There was a short discussion about the possibility of an actual increase in community college fees from $26 to $66 per unit. It is up to the legislature to decide if they will increase the fees. Executive VP Friedlander pointed out how smart it was of Senator Steinberg to request this report as an effort to justify the governor's request that the Legislature place the tax measures on the ballot because it shows what would happen to community colleges without the tax increases. What they do with this information is the question. There was further discussion regarding the range of Legislative Analysts' report. Dr. Serban stated that she thinks it is important for the members to be aware of what is being reported by the state.

Information Items/Announcements

1. Timeline for budget development for 2011-12 (attachment 1) and state allocation timeline (attachment 2)
   Dr. Serban wanted to remind everyone about the timeline for budget development. VP Sullivan went through the timeline to show what has been done and what needs to be done. So far, we are on target. Dr. Serban stated that there is more work to do on the initial draft of the budget assumptions which will be brought to the next CPC for discussion. In March, CPC members will be discussing the reallocation of current resources, cost savings and revenue generation proposals, Institutional Effectiveness data and the College Plan evaluation. Questions and discussions ensued.

   Attachment 2, The Budget Calendar, will be presented to the Board at tomorrow's meeting. Much of what we do depends on what and when we receive information from the state. This has become less predictable than it used to be resulting in the college needing to become more adaptable to these shifts.

2. CalPERS and CalSTRS rates (attachment 3)
   Superintendent/President Serban reminded CPC that one of the assumptions made in the 2011-12 budget is the increase in fixed costs as a result of the increase in the contribution for CalPERS and CalSTRS. The rates are going to go up significantly. For 2010 -11, we did budget for the 10.707% employer contribution rate for CalPERS and each year these rates will continue to go up. CalSTRS will also go up annually. These are part of the ongoing costs for the college that are increasing.

3. Overview of unrestricted general fund revenues and expenditures 2001-02 to 2009-10 actuals and 2010-11 adjusted (attachment 4)
   Dr. Serban stated that the important part of this conversation is about the percentages of our revenues and expenses. For example, salaries and benefits are 87% of our expenses, and she continued to point out the percentages of the other expenses. All in all, this year we are at 91% of our expenses which is down compared to the prior years, which is a good thing. The 9% includes such areas as supplies, professional development, consultants. Dr. Serban stated that going back to the concept of how does one implements a cut of anywhere from 2.6% to 10.5%? You cannot implement that unless you touch these expenses. It is back to courses and hourly pay that we cut. VP Sullivan stated that it is important to note that we are spending more of our revenue than we

have in the past, even though we are holding our other expenses at a constant level, it looks like we are doing great.

4. Overview of transfers out 2001-02 to 2009-10 actuals (attachment 5)
Dr. Serban stated that it is important to understand where we are. She pointed to the comparison of the percentages of transfers of unrestricted general fund revenues from 2001-02 to 2009-10. In 2001-02 we transferred 13% of our unrestricted general fund revenues to various funds that are listed on the spreadsheet. In 2009 – 10 the percentage is 1%. This is not a sustainable way to conduct the operations of a college. It means that we are not saving enough money in those funds to have a sustainable base and this is why in 2010-11, we finally went back to putting more into the construction and equipment funds. This is important because when we are going to talk about our assumptions for 2011-12 budget, these are all critical variables that we need to look at and make a decisions about where we want to go, even with the cuts that need to be made.

5. Overview of interest revenue on general fund balances 2001-02 to 2009-10 actuals (attachment 6)
Superintendent/President Serban pointed out the depressing fact that in 2001-02 the interest was three times more than what it is now. This coupled with the other decreases in revenue from workload reduction, cuts in categorical, etc. has decreased our discretionary revenues.

6. Overview of general fund balances 2001-02 to 2009-10 actuals and JPA net assets (attachment 7)
Dr. Serban stated that this is another important indicator of the times. Dr. Serban pointed out the fund balances as a percentage of general fund expenditures excluding transfers in 2001-02 which was 61%. What that means is that basically for about 2/3rds of the year, the college could have paid all of our unrestricted general fund expenditures just from the reserves we had. That is really a very important statement in terms of the stability and of how safe the institution was. That percentage has decreased up to a low of 28% in 2007-08 and now we are going up slightly. Dr. Serban said that compared to 2001-02 we have not made progress in reserves, we have the same total level of reserves of $30 million as in 2001-02. That being said, we are still doing much better than many other colleges. Executive VP Friedlander spoke of the money put aside at the end of the year to build up the parking reserve. Then we decided we are not going to build a parking lot, but nevertheless, that money was spent on other things.

Discussion Items

7. Measure V projects, actual and projected expenditures (attachment 8) – Joe Sullivan
VP Business Services Sullivan reported from the attached Bond Construction Fund Analysis. He started with pointing out line by line the completed projects, and what the adjusted budget was as of 12/7/10 and the amount it ended up costing. The projects ranged from very large projects like the completion of the bridge and the Luria Conference and Press Center to the smaller maintenance projects and resurfacing of driveways. The adjusted budget and completion costs varied quite a bit, some ended up costing more than expected like the Bridge Seismic Evaluation and Repairs or some cost less like the Sports Pavilion handrail that was expected to cost $17,000 and ended up costing $7,000. Mr. Sullivan then went through the projects that are "in-process". The total costs of these projects have not yet been determined because they are not finished. Questions regarding several of the project areas that are in progress were clarified and different projects were discussed. There was further discussion regarding the deferred maintenance projects which all went through the College consultation process. Various projects that went way over budget due to unexpected problems were discussed, such as the Bridge Repair and the East Campus Water Systems upgrade. The focus then turned to the postponed projects and the fact that even with so much being postponed we are over budget.

Superintendent/President Serban stated that the issue is this assumes that all those postponed projects with no dollar amounts assigned to them will be postponed until we are able to save money in the construction fund. There was a review of the postponed projects that were not brought back into the budget. Some were completed by merging several projects together. There was further discussion regarding how to make this attachment clearer to read and understand.

It was reported that we need $4 more million to complete all deferred maintenance projects and Dr. Serban stated that we need more than $4 million because time after time the projects always cost more than what has been estimated.

VP Sullivan stated that the members need to talk through whether we agree with the proposed budgets so that we can convert them for this “take down” of the bond and get them into our reporting software, Banner.

VP Sullivan explained the section at the end of his report, the contingency or (deficit) and pointed out the new estimate for the Learning Resource Center (LRC) remodel. He stated that if the LRC will be remodeled this summer, the members need to decide if we want to spend this increased amount prior to the April Board Meeting. His department needs to get the bids in and then it needs to be approved by the Board.

Dr. Serban asked that the Director of the Learning Resource Center Jerry Pike explain the remodel. Dr. Pike stated that the building has not been upgraded since 1989 when it was built. The real issue is that the space needs to be reconfigured so that they may accommodate and meet the demand of more students, particularly in the area of tutorials. It means putting the technology in place to meet the demand and what we will gain for the students is pretty substantial. If this project goes through the college processes in a timely manner, the project will run from May 15 to August 15. If we cannot start this May, we will have to put it off until next May. Dean Scharper stated that the success of the LRC, the Tutorial Center and the writing Center are what are driving the remodel. It is very functionally driven; it is not at all cosmetic. Expanding the function and getting maximum use of the current footprint is the goal behind this to serve our students well and all of our faculty would rely on this center.

Dr. Serban asked each member around the table if they were in support of this. Everyone said yes, but would like to take it to their groups for discussion. On March 1st a vote will be taken after the Academic Senate and the Classified Consultation Group will have had a chance to discuss this with their groups. VP Sullivan said with the March 1st vote, there will be time to take it to the April Board meeting.

8. Budget development for 2011-12 – Andreea Serban, Joe Sullivan,

    a. Accreditation Standard IIID Fiscal resources (attachment 9) some key points.
    Dr. Serban reiterated what she had brought up in previous CPC meetings: the Accreditation Standards need to be met at all times and these standards are minimum standards for an institution to maintain its accreditation status. She read aloud the highlighted area in Standard III, D. 1. c. *“When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies and plans for payment of liabilities and future obligations”*. Dr. Serban stated that drawing down on reserves without a solution that is an ongoing solution to the coming budget cuts is not good planning, so while we will draw on the reserves on the short term, we need to have an

ongoing solution to what could be a $10 million cut.

Then Dr. Serban pointed out D. 2.c. *"The institution has sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management, and realistic plans to meet financial emergencies and unforeseen occurrences."* Dr. Serban emphasized that the College cannot be in a situation where it cannot sustain its cash flow.

Fundamental Assumptions: Superintendent/President Serban stated that it is incumbent on CPC to make clear that when it comes to the fundamental assumptions around planning and budgeting, the College's position on borrowing is not to borrow. We need to make this a recommendation to the Board. It is not good fiscal planning for an institution to start relying on borrowing.

Fundamental commitments: Dr. Serban stated that we need to be ready to provide some fundamental commitments that we feel or not feel need to be made. One of her examples was the fundamental commitment to maintaining employment of all permanent employees, meaning that nobody who has a permanent job at this college be laid off. Dr. Serban stated that she strongly believes that as an institution, we have the fiscal capability to not lay off any permanent employees. Dr. Serban stated that it is her personal recommendation that she will make to the Board regardless of the recommendation of CPC. She would like to know what CPC members, the Academic Senate and Classified Consultation Group think about this fundamental assumption that lays the ground work of how the budget cut would be implemented. Dr. Serban stated that these fundamentals commitments are serious and need to be clearly outlined.

Maintain Center Status: Dr. Serban stated that another big issue to discuss is how we want to maintain the Center Status as there are different ways to maintain the center status. Maintaining a center status requires a minimum of 1,000 FTES per center and can be a combination of non-credit and credit FTES. We currently offer 65 to 80 credit FTES at the Wake Center. Dr. Serban stated that we need to provide a recommendation as to how we see the workload reduction being implemented. This comes back to issues of core mission, core priorities, and really a statement of priorities.

Minimum Level of Reserve: Another recommendation that CPC needs to make is regarding what we feel is the minimum level of reserve that we absolutely must have, she pointed out Accreditation Standard III D again. This relates to the commitment to construction fund, equipment fund and our program review process that we have worked so hard on. Very few colleges got commendations for the program review process and we are constantly improving our program review process. The colleges that have not implemented a program review process have ended up on probation or warning. Dr. Serban said it is time to make a commitment as to where we want to be because this next three years we are going to require some fundamental hard decisions and we have to stand by what ensures that the college maintains an exceptional accreditation record.

CSEA President Auchincloss wanted clarification on the workload reduction, whether it would be in dollars or FTES. Dr. Serban stated that at this point it comes as both. Dr. Serban stated that it will be a dollar amount with an understanding that we are allowed to cut the base FTES by an equivalent number to generate the dollar amount that is the cut. Dr. Serban reported that we get paid about $4,500 for CA credit FTES, about $2,700 for non-enhanced, non-credit and about $3,200 for enhanced non-credit.

Dr. Serban reminded the members that when colleges have cut credit significantly they have had a very difficult time recovering. Their experience stresses the importance of thinking strategically beyond these three years to what would happen if we cut credit now too severely and how we would recover from it. Executive VP Friedlander said that what compounds the risk for our particular college is that we are in an area where we do not have a large growing high school enrollments going through the system, so Dr. Serban and he have been overly cautious in that area when looking long term. Strategically we have been on target but our risk is not like the other colleges where it took more than three years to recover.

Faculty Budget Priorities Forum: Academic Senate President Alarcon stated that the Academic Senate is organizing a budget forum to enable more faculty to be able contribute to this planning and budgeting discussion.

Budget Schedule: Dr. Serban stated that in April the CPC will be discussing iterations of the budget assumptions. Dr. Serban suggested that at the March 11 meeting, we use the morning for budget related discussions and then we add another meeting on Friday March 25th for planning. So we will meet Friday March 11, March 18 and March 25.

Board of Trustees Member Lisa Macker stated that what she wants to know how the curriculum will be changed, what do faculty want to do in terms of the range of the course offerings to be continued, will the faculty want the college be primarily basic skills or vocational.

Kim Monda, Kenley Neufeld and Kathy O'Connor specified some other information they would like to have.

Superintendent/President Serban noted that the direction from the Board of Trustees needs to come through Board meetings, from the Board as a whole. CPC needs to be allowed to have its discussions as an internal college governance body.

Board of Trustees Member Marsha Croninger said that she agrees with Trustee Macker. Trustee Croninger wants CPC to address specific questions. Superintendent/President Serban reiterated the need for individual Board members to provide their views and subsequent direction through the Board meetings rather than through giving individual directions at college governance committee meetings.

There was further discussion regarding what more information the CPC members needed for the planning and budgeting process, regarding the role of Board members in CPC meetings and the governance process, and priorities in the curriculum.

b. Budget principles (attachment 10)
   To be discussed more in depth at the next meeting.

c. Approach to prepare for the three possible state budget scenarios

d. Prioritizations

e. Reserves – minimum that is safe

Superintendent/President Serban adjourned the meeting.

Next meetings:

Tuesday, March 1, 2011, 3:00-4:30pm, A218C;
Tuesday, March 22, 2011, 3:00-4:30pm, A218C,
Tuesday, April 5, 2011, 3:00-4:30pm, A218C;
Tuesday, April 19, 2011, 3:00-4:30pm, A218C;
Tuesday, May 3, 2011, 3:00-4:30pm, A218C;
Tuesday, May 17, 2011, 3:00-4:30pm, A218C

March 11, 2011 9am-12pm A217 - Working sessions on draft of College Plan 2011-2014
March 18, 2011 9am-12pm A217 - Working sessions on draft of College Plan 2011-2014