



BUDGET COMMITTEE

Special Meeting Minutes
3/06/2014, 2 pm, PDC 104

Attendance

Members Present – Tim Oliver, Bryan Reece (for Mike Strong), Scott Stark, Cheryl Marshall, Ed Millican, Scott Rippy (for Kathy Crow), Denise Allen-Hoyt, Algie Au, Walt Chatfield, Karen Peterson, Girija Raghavan, Glen Kuck, Matthew Isaac, James Dulgeroff, Rosemarie Hansen

Members Absent – Amalia Perez, Patrick Kirk Dorsey, Rhonda Prater, Yendis Battle, Steve Sutorus, Jose Torres

Guests Present – Celia Huston, Gloria Fisher, Kirsten Colvey, Haragewen Kinde, Ben Mudgett, Kathleen Gibson, Greg Allred, Bob O’Toole, Haragewen Kinde

Welcome/Introductions

Tim Oliver opened the meeting. Self-introductions were made. Guests were asked to identify themselves and cautioned not to vote on any action items. Tim thanked committee members for their work to date on the Cabinet Responses to the College Brain Trust Report.

Approval of February 20, 2014 Special Meeting Minutes

Bryan Reece made a motion to approve the minutes which Ed Millican seconded. Ed went on to offer a correction to page 3 of the minutes. He advised that his statement about a response being “studied to death” was about Brain Trust Recommendation A.4., not A.5. Matthew Isaac also requested that the word “stipends” on page 5 be changed to “costs”. The minutes were then unanimously approved with these corrections.

College Brain Trust Report – Review of February 20 Actions

Tim reviewed the changes made at the February 20 meeting. The committee agreed with its work on Items A., B., C.4. and D., including the edits recommended on February 20, as presented in the minutes.

- **Brain Trust Recommendation C.1.:** Tim addressed this previously tabled item, advising that Chancellor’s Cabinet had determined it is appropriate to pay the 2014-15 assessment out of the District reserve, however, Fiscal Services will have to do further research in order to address the entire OPEB liability, which could be as high as \$5,000,000 due to the rising costs of health care. Bryan Reece moved for approval of amending the Cabinet response to this effect and Scott Rippy seconded the motion. The motion carried unanimously with the revised language to be presented to the committee at a later date.

- **Brain Trust Recommendation C.2.:** Ed moved and Denise seconded to approve the additional language: the motion carried unanimously.
- **Brain Trust Recommendation C.3.:** Scott Stark moved and Bryan seconded to approve the additional language: the motion carried unanimously.

College Brain Trust Report – Review of Items D.4. and Beyond

Consent Agenda

Tim advised that, in accordance with the decision by the committee at its last meeting, several items of the report had been highlighted as a “Consent Agenda”:

- ♦ *Making the Model Operational:* D.4.e., D.4.f., D.4.g., D.4.h., D.4.i., D.4.j., D.4.l., D.4.m., D.4.n., D.5.
- ♦ *Recommendations Related to Operational Issues:* 1., 2., 3., 4., 5., 8., 12., 13., 14.

He explained that these items would be approved in one action by the committee, however, any member of the committee could request that any of the items be removed from the list and discussed separately. Walt Chatfield asked that item D.4.i. be pulled and Rosemarie Hansen asked that item 12. be pulled.

Ed made a motion which Walt seconded, to approve the consent agenda with the exception of items D.4.i. and 12. The consent agenda was unanimously approved.

The committee reviewed the rest of the report items. Each one was read aloud for consideration as follows.

Brain Trust Recommendation D.4.i.

Bryan moved and Karen Peterson seconded to approve item D.4.i. Walt Chatfield commented that he didn't believe the response answered the question which, he felt, was directed at the fact that it has been eight years since the last raise and that the District's pay scale was below the average. Scott Stark pointed out that the CBT recommendation was aimed at making the resource allocation model operational, and that even if there were to be a pay increase, it would not affect the function of the model. After some discussion, the suggestion was made by Cheryl Marshall to add these words to the Cabinet response: “The collective bargaining process might affect the model...” The committee voted 13-1 to approve this Cabinet response with the additional language. (Ayes: Reece, Stark, Marshall, Millican, Rippy, Allen-Hoyt, Au, Peterson, Raghavan, Kuck, Isaac, Dulgeroff, Hansen; Noes: Chatfield; Abstentions: Oliver; Absent: Perez, Dorsey, Prater, Battle, Sutorus, Torres)

- i) *How will the collective bargaining process affect the model?*

Cabinet Response: *The collective bargaining process might affect the model and each college will be responsible for salary, benefits and other costs related to the college's faculty and staff; and for its proportionate share of District-wide and District Office assessments.*

Brain Trust Recommendation 12.

Scott Stark made a motion to approve Cabinet response to CBT Cabinet response 12., which Cheryl seconded. Rosemarie commented that she had asked this item to be pulled from the Consent Agenda because she was wondering if there were any results of the studies on outsourcing the bookstore at SBVC. Tim advised there was no conclusion to those studies. Glen Kuck added that the District is still in “fact-finding mode” regarding this issue. The committee voted and the response was unanimously approved.

12. *The college review bookstore and cafeteria operations to determine feasibility of self-sufficiency or if outsourcing is the appropriate solution*

Cabinet Response: We agree.

Brain Trust Recommendation D.4.a.

Bryan moved to approve item D.4.a. as presented and Ed seconded; the motion was unanimously approved.

- a) *Will the district be treated the same as the colleges in years of decline and subsequent restoration periods?*

Cabinet Response: We agree that the district be treated the same as the colleges in years of decline and subsequent restoration; however, we need to develop guidelines that are to be determined.

Brain Trust Recommendation D.4.b.

Scott Stark made a motion, which Matthew seconded, to approve item D.4.b. Denise asked how the reserve had been used/replenished in the past. Tim advised that he could not answer her question at this time, but that so far this year, reserves were being used for underwriting KVCR, Growth, and Student Success. Ben Mudgett commented that SBCCD has one of the largest reserves in the state. Tim replied that the reserves will be somewhat depleted due to the use of reserves this year as indicated. He said that the Budget Committee can make recommendations to Cabinet about reserve levels, however, the Board directive is 15%. Ed asked that the sentence, “This should be discussed at the District Budget Committee.” be added to the Cabinet response. The committee voted unanimously to approve this Cabinet response with the added language.

- b) *How will the district-wide reserve be used and replenished?*

Cabinet Response: To be determined. This should be discussed at the District Budget Committee.

Brain Trust Recommendation D.4.c.

Rosemarie made a motion to approve Cabinet response D.4.c. Karen seconded. There was no discussion and the motion passed unanimously.

- c) *How much of a reserve will the colleges be allowed to carry or required to carry?*

Cabinet Response: Currently, the colleges are allowed to carry all of their prior year ending balances. There are no guidelines for required college reserves. This should be discussed at the District Budget Committee.

Brain Trust Recommendation D.4.d.

Cheryl moved, and Bryan seconded, to approve Cabinet response D.4.d. Ed suggested that the sentence, “This should be discussed at the District Budget Committee.” be added to the

Cabinet response. The committee voted unanimously to approve this Cabinet response with the added language.

- d) *Since district office savings each year go to reduce college deficits what happens if the district office overspends?*

Cabinet Response: To be determined. This should be discussed at the District Budget Committee.

Brain Trust Recommendation D.4.k.

Glen moved, and Matthew seconded, to approve Cabinet response D.4.k. Bryan felt the sentences contradicted each other. Tim clarified that the response is a directive to Fiscal Services to identify any revenue. Denise suggested that the word "excluded" be replaced with the word "new". The committee unanimously approved this Cabinet response with the change in wording.

- k) *How will new revenue not currently captured in the model be treated?*

Cabinet Response: The budget guidelines state that all revenue is accounted for and is part of the allocation model. Fiscal Services will clarify the types and amounts of ~~excluded~~ new revenue, if any.

Brain Trust Recommendation D.4.o.

Scott Stark made a motion, which Bryan seconded, to approve Cabinet response D.4.o. There was no discussion; the motion was unanimously approved.

- o) *If the colleges are required to generate FTES above the funded level are those costs considered college expenses or district-wide?*

Cabinet Response: Either, based on Cabinet recommendations. In FY 2013-14, the District allocated \$540,000 from Unrestricted General Reserves to pay for additional growth in excess of Advance Apportionment. Colleges will be asked to utilize their General Reserves before District wide General Reserves, unless Cabinet recommends otherwise.

Brain Trust Recommendation D.4.p.

Scott Stark moved, and Bryan seconded, to approve Cabinet response D.4.p. Ed suggested that the sentence, "This should be discussed at the District Budget Committee." be added to the Cabinet response. The committee voted unanimously to approve this Cabinet response with the added language.

- p) *If functions are transferred from one college to another, from colleges to the district or from the district to the colleges how will that be addressed in the RAM?*

Cabinet Response: They will be addressed on a case-by-case basis and adjusted accordingly. This should be discussed at the District Budget Committee.

The committee turned to page 9, item 6 to review responses to the items in the *College Brain Trust Recommendations Related to Operational Issues* section.

Brain Trust Recommendation 6.

Ed moved, and Bryan seconded, to approve Cabinet response 6. Tim commented that SBCCD FON is high, which means that we have a relatively higher ratio of full time vs. part time faculty when compared to the state. CHC is higher than SBVC. Denise suggested that the word "departments" be replaced with "disciplines". Walt suggested the Cabinet response be altered

to apply to both colleges instead of just CHC. The committee voted unanimously to approve this Cabinet response with the changes discussed.

6. *If the actual full time faculty count is to be reduced it is recommended that CHC be allowed to lower its number.*

Cabinet Response: CHC and Valley College are currently in growth mode (5.9% this year), therefore we do not recommend reducing faculty at either campus at this time. In addition, ~~CHC both colleges have~~ ~~has~~ several ~~department disciplines~~ with only on fulltime faculty member and it would not be possible to reduce fulltime faculty in those ~~department disciplines~~. ~~Valley College~~ ~~Both colleges~~ should assess the fulltime faculty required to accommodate its current and projected growth. Both colleges do not recommend transferring faculty from CHC to Valley College.

Brain Trust Recommendation 7.

Denise made a motion to approve Cabinet response 7., which Bryan seconded. Ed questioned whether this response should also be altered to reflect both colleges. Cheryl made the point that CHC staffing productivity is lower than SBVC's, therefore, the third sentence should apply only to that college. She also felt the second sentence should end after the words, "period of time". The committee voted unanimously to approve this response with the changes discussed.

7. *That CHC set a goal to reduce costs of administrators by about \$250,000.*

Cabinet Response: CHC and Valley College are currently in growth mode; therefore we do not recommend reducing administrators at this time. Cabinet does recommend that ~~CHC both colleges~~ conduct a comprehensive review of its administrator ~~and classified~~ staff requirements, and make such adjustments as necessary over a reasonable period of time ~~to help ensure that its staffing productivity is improved~~. CHC is committed to making staffing adjustments by critically reviewing vacancies, eliminating unnecessary positions, and moving vacancies to match critical work needs.

Brain Trust Recommendation 9.

Denise made a motion to approve Cabinet response 9., which Bryan seconded. The committee felt that Cabinet response to this recommendation should mirror the response to recommendation 7, but apply only to classified staff. Consequently, they felt the deletion of the words "and classified" from response 7. was also called for. The committee unanimously approved both responses 7. and 9. with the changes indicated.

9. *That CHC set a goal to reduce costs of classified positions by about \$200,000.*

Cabinet Response: CHC and Valley College are currently in growth mode; therefore we do not recommend reducing classified staff at this time. Cabinet does recommend that both colleges conduct a comprehensive review of its classified staff requirements, and make such adjustments as necessary over a reasonable period of time. CHC is committed to making staffing adjustments by critically reviewing vacancies, eliminating unnecessary positions, and moving vacancies to match critical work needs. ~~See 7 above.~~

Brain Trust Recommendation 10.

Bryan moved, and Scott Rippe seconded, to approve Cabinet response 10; the motion was unanimously approved.

10. *The district decide how FTES growth will be allocated to each college.*

Cabinet Response: Since 2010, the District has allocated growth targets to each college based on the prior year FTES split. Either P-2 or Advance Apportionment has been used as the base for FTES projections, plus or minus any target adjustments. As previously stated, the colleges may use their funds and ending balances to pay for additional FTES, and be funded accordingly based on actual State funding per the SB361 model. Cabinet will continue to review FTES production annually and establish annual FTES "targets". Allocations will be

based on actual performance.

Brain Trust Recommendation 11.

Karen moved, and Bryan seconded, to approve Cabinet response 11. Denise suggested that the sentence, "This should be discussed at the District Budget Committee." be added to the Cabinet response. The committee voted unanimously to approve this Cabinet response with the added language.

11. *That the colleges discuss possible consolidation of administrative functions that could financially benefit both colleges.*

Cabinet Response: This is currently under review and recommendations will be discussed in Chancellor's Cabinet in the near future. This should be discussed at the District Budget Committee.

College Brain Trust Report – Review of Tabled Items

Brain Trust Recommendation 5.

Bryan made a motion, which Scott Stark seconded, to approve response 5. with the additional language, "This should be discussed at the District Budget Committee". The committee unanimously approved this motion.

5. *The district could choose to leave the model as is and look for other ways to enhance resources flowing to the colleges through additional revenues or lower assessments and/or reduced spending at the colleges. It should be noted that if CHC was provided a subsidy via the Resource Allocation Model (RAM) and at the same time assessments could be reduced, any negative fiscal impact upon SBVC could be greatly mitigated.*

Cabinet Response: The District should review all assessments and reduce where applicable. As previously noted, CHC may not require a subsidy in the near future. This should be discussed at the District Budget Committee.

Brain Trust Recommendation C.4.

Bryan made a motion, which Glen seconded, to approve response C.4. Ed requested that the additional language, "This should be discussed at the District Budget Committee" be added to the response. The committee unanimously approved this response with the additional language.

4. *We suggest placing union contract required costs in the district-wide assessment section of the Resource Allocation Model.*

Cabinet Response: This requires additional study. This should be discussed at the District Budget Committee.

Brain Trust Recommendation D.1.

Scott Stark, and Rosemarie seconded, to approve Cabinet response D.1. Bryan recommended replacing the current response's wording with the wording approved by the committee for Cabinet response D.4.k., except to replace the word "new" with the word "excluded". The committee unanimously approved the response with the changes discussed.

1. *Clarify the guidelines to identify if some types of revenues are excluded from the model.*

Cabinet Response: The budget guidelines state that all revenue is accounted for and is part of the allocation

~~model. Fiscal Services will clarify the types and amounts of excluded revenue, if any.~~ Fiscal Services will clarify the types and amounts of excluded revenue, if any.

Adjournment

Tim adjourned the meeting. The next meeting will be on Thursday, March 13, 2014 at 2:00 p.m. in the SBVC President's Conference Room (ADSS 207).