

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**  
**District Budget Study Group**  
**August 27, 2010**

**Minutes**

**Place: Chabot College, 25555 Hesperian Blvd., Hayward, California**

**Members Present:**

Jeff Baker, Celia Barberena, JoAnne Bishop-Wilbur, Bob D'Elena, Dave Fouquet, Justin Garoupa, Mary Anne Gularte, Ming-Lun Ho, Judy Hutchinson, Howard Irvin, Kyle Judson, Kathy Kelley, Joel Kinnamon, Bob Kratochvil, Natasha Lang, Guy Lease, Lorenzo Legaspi, Yulian Ligioso, Pam Luster, Tim Nelson, George Railey, Pedro RuizDe Castilla, Sarah Thompson, Heidi Ulrech, Barbara Yesnosky,

**Non Members**

Rita Brown, Kathryn Linzmeyer, Pushpa Swamy, Tram Vokumamoto, Laura Weaver

**Not Attending:**

Gordon Watt, Jason Morris, Kari McAllister, Patti Pizzi-Munoz

**Call to Order**

The meeting was called to order at 12:40 p.m. by Lorenzo Legaspi, Vice Chancellor, Business Services. Mr. Legaspi welcomed everyone to the first DBSG meeting of the year.

**I. Approval of Minutes**

The minutes from the meeting on June 17, 2010 were approved as distributed. Bob D'Elena and Sarah Thompson abstained due to their absence at the last meeting

**II. 2010-11 Budget Update**

Mr. Legaspi informed the group that there has not been a lot of budget developments in Sacramento since the Governor's *May Revise*. So the information delivered at this meeting is based on the *May Revise*. The same information will be used to develop the adoption budget for the next Board meeting. In summary, the following breakdown shows the projected changes that we are anticipating from last year 2009-10 to 2010-11.

<i>.38% COLA, for us that is about</i>		<i>(\$317,000)</i>
<i>Growth Fund 1.08%</i>		<i><u>\$982,000</u></i>
<i>Net increase in revenues of about</i>		<i><b><u>\$665, 000</u></b></i>
<i>Step and column, longevity increase by about</i>	\$ 730,000	
<i>Retiree health benefits the increase</i>	\$ 430,000	
<i>Premium increases for medical/dental/vision/life</i>	\$1,000,000	
<i>SERP savings to the district</i>	\$1,023,000	
<i>SERP annuity payments</i>	\$ 569,000	
<i>Premium increases for property &amp; liability</i>	\$ 50,000	
<i>Premium increases for student and athletic ins.</i>	\$ 30,000	
<i>Workers compensation increase</i>	\$ 4,000	
<i>Unemployment Insurance increase</i>	\$ 430,000	
<i>PERS increase</i>	\$ 210,000	

<i>Increase in utilities</i>	<u>\$ 200,000</u>
<i>Total increase in expenditures</i>	<u>\$2,629,011</u>
 <i>Net increase/(decrease)</i>	 <b><i>(\$1,964,011)</i></b>

Mr. Legaspi further explained that, although the Governor’s proposal has a growth fund of 2% statewide, we have a conservative 1.08% in our budget. The District’s fulltime equivalent student (FTES) growth of 182 FTES, (16,860 FTES to 17,042 FTES), will generate approximately \$982,000. The difference between the negative Cost of Living Adjustment (COLA) and the 1.08% growth is the increase in revenues of about \$665, 000, basically all the new money the District will receive from the State.

On the expenditures side, most of the increases will occur in the areas of salaries and benefits with an increase of 86%.

Revenues increased by \$665,000, but our expenditures also increased by \$2.6 million, so there is a net decrease of \$1,964,011.

- **Mr. Bob D’Elena** commented that it was his understanding the unemployment insurance is calculated at a set rate that is paid against the payroll and he was unaware of an increase in rates for unemployment insurance.
- **Mr. Legaspi** responded that the State Unemployment Insurance rate is calculated and set annually and is provided to us by the state.
- **Mr. Kyle Judson** commented that both the workers compensation and unemployment insurance are calculated by the state quarterly. It is based on the statewide rate and is adjusted to the local trend.
- **Mr. Dave Fouquet** asked if the increase in unemployment insurance is driven by the claims from the FTEF cutbacks. He pointed out that it would be worth noting that the amount of increase in the premium could be utilized for adjunct salaries and keep more FTEF on schedule, ultimately reducing unemployment claims.

**III. 2010-11 Membership Update**

For the new members, Mr. Legaspi explained that the District Budget Study Group (DBSG) membership encompasses constituencies throughout the District, but the meeting is open to anyone interested in gathering information.

**IV. 2010-11 Meeting Dates**

It was decided that the DBSG meeting would “piggyback” with other meetings such as DCC, DEMC, CEMC, that involve the same people. Some members suggested that perhaps these meetings can be synchronized to hold it on the same day so that they can take place in different locations. We will also consider video-conferencing when members cannot meet as a group.

**V. Financial Data Review**

Mr. Legaspi reviewed the financial data with graphic charts that illustrated the sources of revenue and district-wide expenditures by each site for the current year 2009-10.

**District & Contract Education Revenue total for 2009-10** **19,111,253**

*Breakdown of the total revenue:*

*District and Contract Education via the model (63%) \$12,090,099.*

*Other site specific revenues (37%) \$ 7,021,154*

**District & Contract Education Expenses for 2009-10** **\$22,999,410**

*Regular classified/Academic managers (34%) \$ 7,880,133*

*Overtime, hourly, professional experts/subs ( 2%) \$ 565,414*

*Property & liability insurance ( 2%) \$ 569,813*

*Hardware/software annual mntce & srvces ( 5%) \$1,160,923*

*Retiree benefits (RUMBL) (20%) \$4,491,374*

*SERP annuity payment (.2%) \$ 569,479*

*Faculty reassigned time (net cost) (12%) \$2,793,155*

*Fulltime/Part time faculty teaching, librarians,*

*Counselor Contracted reassignment time (.1%) \$ 112,254*

*Contract Ed contract payments (15%) \$3,337,606*

*Supplies, services, equipment (.7%) \$1,519,259*

Mr. Legaspi elaborated that the Contract Education revenues were generated through Title IV E, OSHA training and community service. The District revenue includes, interest earnings, parking fines, surplus sales, and ARRA funds.

- **Ms. Sarah Thompson** asked how the revenue allocations are determined through the model.

Mr. Legaspi responded that the allocation of the revenues were agreed upon when the allocation model was initially developed.

- **Mr. D'Elena** commented that in comparing revenue and expense, the District and Contract Education are spending \$4 million more than the revenue - \$19 million to \$23 million expenses.

Mr. Legaspi responded that the difference is created by the end-of-year close outs. There are adjustments made to the restricted programs during the end of the year close out. The adjustments are done at the District level.

**Maintenance & Operations total Revenues** **\$8,927,683**

*Revenue via model (99%) \$8,846,494*

*Revenue site specific ( 1%) \$ 81,189*

*Generated from recycling and reimbursement Chabot Bookstore utilities*

**Maintenance & Operations total Expenses** **\$9,179,194**

*Regular classified/ academic managers (63%) \$5,768,878*

*Overtime/hourly/professional experts/subs ( 2%) \$ 172,135*

<i>Utilities</i>	(24%)	\$2,191,720
<i>M &amp; O Supplies</i>	( 8%)	\$ 747,470
<i>Other expenses (equipment repairs, building, maintenance etc)</i>	( 3%)	\$ 298,991

Mr. Legaspi then turned it over to the two college Vice Presidents of Administration to present their revenues and expenses.

Mr. Yulian Ligioso, Vice President of Administration, Chabot College, informed the group that a bulk of their revenue was received via the model. The site specific revenue consisted of apprenticeship programs, part-time faculty compensation, use of facility fees, Quest Program, Community Education, nonresident tuition, student fees, dental clinic fees, ValleyCare, parking fines and ARRA funds. He noted that Chabot College spent just below \$43.8 million of its revenue resulting in a little over a \$100,000 positive for the year

The bulk of Chabot’s expenses were for full time faculty, part time teaching, librarians, counselors and contracted reassigned time. The Child Care Director has been able to reduce expenses in 2009-10 and made a marked improvement from the prior year. That provided some relief in the areas of non position control salaries and benefits expenditures. Similarly, Chabot’s Community Education program reduced expenses from the prior year. The College bookstore also reduced expenses from 2008-09 to 2009-10.

For the fiscal year 2010-11, based on what our insurance carriers are telling us, the increase in premiums will put pressure on what may be available for operational expenses. .

<b><i>Chabot College total Revenue</i></b>		<b>\$43,911,174</b>
<i>Revenue via model</i>	(94%)	\$41,256,404
<i>Site specific revenue</i>	( 6%)	\$2,654,770

<b><i>Chabot College total Expenses</i></b>		<b>\$43,794,711</b>
<i>Fulltime/Part-time faculty, librarians, counselors, librarians, counselors, contracted reassigned time</i>	(65%)	\$28,479,421
<i>Regular classified/academic management</i>	(24%)	\$10,309,498
<i>Faculty reassigned time (net cost)</i>	( 2%)	\$ 768,320
<i>Overtime/hourly/professional experts/subs</i>	( 4%)	\$ 1,952,269
<i>Transfer to Child Development Center</i>	( 1%)	\$ 400,000
<i>Community Ed Cost</i>	( 0%)	\$ 105,679
<i>Supplies, services, equipment</i>	( 4%)	\$ 1,779,524

Mr. Bob Kratochvil, Vice President of Administration, Las Positas College, commented that similar to Chabot College, the revenues were generated through the allocation model and the site revenue. Las Positas College’s site revenue consisted of part-time faculty compensation, GM Training Center, smog fees, use of facility fees, community service classes, non-resident tuition, student fees, ValleyCare, parking fines and ARRA funds. The site revenue percentage for Las Positas is slightly higher than Chabot College. Las Positas is hoping to generate more facilities revenue, in particular, with the addition of the Performing Arts Building. The College has seen an increase in the use of the Aquatic Center in the last 6 months, but obviously the bulk of the revenue is coming from the allocation model.

The expenses for salary and wages are actually going up and that is why we are having less money available for operating expenses at the colleges; and that has been a key factor over the last 2-3 years. Las Positas is looking to stabilize or reduce the faculty reassign time for 2009-10 .

Mr. Kratochvil applauded Chabot College and Mr. Ligioso for ending the year with a positive balance because Las Positas was not as fortunate. Las Positas is working on a solution with the District which Mr. Kratochvil believed that the adoption budget will show zero balance for 2009-10.

<b><i>Las Positas College total Revenues</i></b>		<b>\$28,488,600</b>
<i>Revenue via model</i>	(93%)	\$26,377,143
<i>Site specific revenue</i>	( 7%)	\$ 2,111,457
 <b><i>Las Positas College total Expenses</i></b>		 <b>\$28,975,990</b>
<i>Fulltime/Part-time faculty, librarians, counselors, Librarians, counselors, contracted reassigned time</i>		
	(63%)	\$18,130,514
<i>Regular classified/academic mgnt</i>	(27%)	\$ 7,886,244
<i>Faculty reassigned time (net cost)</i>	( 2%)	\$ 446,246
<i>Overtime/hourly/prof experts/subs</i>	(4%)	\$ 1,227,004
<i>Supplies, services, equipment</i>	( 4%)	\$ 1,285,982

Mr. Legaspi then presented the total District revenue and expenses for FY 2009-10.

<b><i>Total Unrestricted Revenue sources for the District</i></b>		<b>\$100,438,710</b>
<i>Revenue via model</i>	(88%)	\$88,570,140
<i>Site specific revenue</i>	(12%)	\$11,868,570
 <b><i>Total District Expenses</i></b>		 <b>\$104,949,305</b>
<i>Fulltime/Part-time faculty, librarians, counselors, Librarians, counselors, contracted reassigned time</i>		
	(45%)	\$46,722,189
<i>Regular classified/academic management</i>	(30%)	\$31,844,753
<i>Faculty reassigned time (net cost)</i>	( 1%)	\$ 1,214,566
<i>Overtime/hourly/professional experts/subs</i>	( 4%)	\$ 3,916,822
<i>Property/liability insurance</i>	( 1%)	\$ 569,813
<i>Hardware/software annual maintenance</i>	( 1%)	\$ 1,160,923
<i>Retiree benefits (RUMBL)</i>	( 4%)	\$ 4,491,374
<i>SERP annuity payment</i>	( 1%)	\$ 569,479
<i>Transfer to Child Development Center</i>	( 1%)	\$ 400,000
<i>Community Ed Cost</i>	( 0%)	\$ 105,679
<i>Utilities</i>	( 2%)	\$ 2,191,720
<i>Contract Ed contract payments</i>	( 3%)	\$ 3,337,606
<i>M &amp; O supplies</i>	(.1%)	\$ 747,470

<i>Equipment repairs, bldng. mtnce etc</i>	( 0%)	\$ 298,991
<i>Transfers</i>	( 3%)	\$ 2,793,155
<i>Supplies, services, equipment</i>	( 4%)	\$ 4,584,765

**Mr. Dave Fouquet** commented that in the 2009-10 preliminary budget, there is a difference of about \$4.5 million with revenue versus expenses. He asked how much of that will actually be at the final of 2009-10.

Mr. Legaspi responded that it will be the net from the transfers during the end of the year closeout.

More visual financial data was presented with the total district revenue and expenses by each site over a five year trend. Mr. Legaspi mentioned that for FY 2010-11 there is about \$2 million reduction in revenue.

*Total District Revenue by Site*

<b>Sites</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-2011</b>
<i>District-wide</i>	\$92,567,285	\$99,892,870	\$100,995,133	\$100,438,710	\$98,259,893
<i>Las Positas College</i>	\$24,130,365	\$26,870,425	\$ 28,716,043	\$ 28,488,600	\$27,517,855
<i>Chabot College</i>	\$41,662,224	\$43,421,019	\$ 45,036,223	\$ 43,911,174	\$41,895,601
<i>District Office</i>	\$13,994,066	\$18,363,275	\$ 13,925,899	\$ 13,696,758	\$13,952,195
<i>Contract Ed</i>	\$ 3,643,091	\$ 3,962,267	\$ 4,358,158	\$ 5,414,495	\$ 6,253,200
<i>Mntce &amp; Operations</i>	\$ 9,137,539	\$ 7,275,884	\$ 8,958,816	\$ 8,927,683	\$ 8,641,042

*Change in Unrestricted Revenue 2006-07 to 2010-11*

<i>Las Positas College</i>	14%
<i>Chabot College</i>	0.6%
<i>District Office</i>	(0.3%)
<i>Mntce &amp; Operations</i>	(5.4%)

*District Expenditure by Major Classification for four years*

<b>Expenses</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-2010</b>
<i>Academic Salaries (1000)</i>	\$44,923,558	\$44,782,300	\$44,018,123	\$41,128,711
<i>Classified Salaries (2000)</i>	\$20,813,430	\$21,495,432	\$22,109,533	\$21,364,914
<i>Fringe Benefits (3000)</i>	\$19,286,409	\$20,856,149	\$22,977,595	\$24,154,929
<i>Supplies, Srvices, Equip &amp; Trnsfrs</i>	\$14,730,002	\$16,486,332	\$15,844,054	\$11,611,340
	<b>Percentage</b>	<b>Percentage</b>	<b>Percentage</b>	<b>Percentage</b>
<i>Academic Salaries (1000)</i>	45%	43%	42%	42%
<i>Classified Salaries (2000)</i>	21%	21%	21%	21%
<i>Fringe Benefits (3000)</i>	19%	20%	22%	22%
<i>Supplies, Srvices, Equip &amp; Trnsfrs</i>	15%	16%	15%	15%

Mr. Legaspi commented that one of the areas where expenses are continually increasing is employee benefits. It is about 25% of the entire district budget. Benefit costs include STRS, PERS, FICA, Medicare, health & welfare, unemployment insurance, medical, dental/vision and workers compensation insurance. He said that there is certainly opportunity to contain costs in these areas. Premiums can be reduced by providing employees with appropriate safety training and creating a safe environment.

Mr. Legaspi then shared some historical data for the District's cost of benefits over a four year trend:

	<i>STRS, PERs, FICA, Medicare Health &amp; Welfare, Employment. &amp; Workers Comp Insurance</i>	<i>Medical, Dental Vision Insurance</i>
2007-08	\$19,286,409	\$11,462,209
2008-09	\$20,856,149	\$12,353,363
2009-10 Prelim	\$22,977,595	\$13,971,117
2010-11 Tentative Budget	\$24,154,929	\$15,381,987

Ms. Sarah Thompson commented that although the District is shown receiving less funds through the allocation model, it actually keeps the Contract Education revenue which does not go through the model.

Dr. Kinnamon commented that the jump in revenue for the year 2007-08 was due to the FTES rollbacks.

Dr. Guy Lease commented that it was a brilliant move by the District to take advantage of the growth funds with the rollback. If not, the District would be looking at a \$12 million problem instead of \$5 million.

Mr. Ming-Lun Ho suggested that for informational purposes and for better understanding, the District transfers should be shown categorically instead of the general funds.

Mr. Legaspi said that for proper accounting practices, the transfers have to be done through the general funds. However, detailed transfers can be obtained to share with this group.

## **VI. Subgroup Progress Reports**

### **Three Year Budget Analysis**

Mr. Bob D'Elena gave a little history of the subgroup for the new people. Based on Bob's past financial management background, he proposed that we do an analysis of the actual expenses for a 3-year period and compare it to the current forecasted budget. Then, look at other factors and quantitative relationships and productivity.

The subgroup had a few meetings on how to accumulate the financial data in a usable and agreed upon format, to look at annual trends and to provide analysis factors to develop productivity relationships. Then analyze the productivity relationships looking to improve the allocation resources for future years.

The subgroup then developed a set of principles and created a model using Las Positas College. They did some preliminary work, but then discovered that it was a very complicated and time consuming process. They also

called a number of committee meetings, but had poor turnout from Chabot College and the District. Mr. D'Elena said that after attempting to move forward for quite awhile, he made a statement at the meeting in May that this subgroup was no longer viable because neither the resources nor the support was available at the time. Ms. Barbara Yesnosky was kind enough to step up and offered to work with the group and accumulate the necessary data from the District perspective. The link that Ms. Yesnosky provided to the subgroup for financial data is a statewide website, but the group is looking for local data. Mr. D'Elena did not attend the June meeting and he does not know if the subgroup is still viable.

Mr. Legaspi commented that the group has actually done a good job. He said that it is a viable group. They have a mission statement and they want to accomplish it. The difficulty is getting the information, and Ms. Yesnosky has stepped up to provide that. The fiscal abstract link for the state includes other districts, but it also contains fiscal data by each district and the trend over the years. Mr. Legaspi offered to provide the detailed breakdown of the numbers to the subgroup.

### **Allocation Model Nuts & Bolts**

Dave Fouquet was excused to leave early, but said he will contact the subgroup members via email.

### **Board policy**

Mr. Legaspi announced that Dr. Mary Anne Gularte has graciously stepped in to be the chairperson for the Board Policy subgroup. She will replace Dr. DeRionne Pollard who is no longer with the District. Dr. Gularte updated the group and said that she has reviewed the materials that have been developed by the Board Policy subgroup. Next week she will talk to Dr. Pollard to get a briefing on how she managed the group and obtain some insight into the discussions.

She requested the subgroup to meet briefly after this meeting to identify some dates for a future meeting. Carolyn Scott will follow up with the committee next week to select a date and time. Dr. Gularte said that she would like to move the process forward quickly, understanding that the group's proposal to the Board Policy will feed into the allocation model work which has some timelines. She has also received a copy of the guiding principles that the subgroup put together this summer and she thanked Ms. Sarah Thompson for helping to put that together. Dr. Pollard has provided her with some notes from prior meetings, but would appreciate any additional information the group can share with her. Dr. Gularte told the group that she is looking forward to working with them.

### **Health benefits group**

Mr. Legaspi reported that the group met a couple of times, but without the participation from faculty. They looked at the benefits survey to see what other districts are offering including their cap on benefits. All the information is available, but it has been expressed that most of that work should be happening at the negotiating table. The subgroup will respect that, but will continue to gather information.

The meeting was adjourned at 2:20 p.m.

*Meeting minutes submitted by Pushpa Swamy*