

## District Budget Study Group

### Approved Meeting Minutes February 5, 2010

**Place:** Las Positas College, 3000 Campus Hill Drive, Livermore, California

**Attending:** Bob D'Elena  
Bob Kratochvil  
Dave Fouquet  
DeRionne Pollard  
Heidi Ulrech  
Jason Morris  
Joel Kinnamon  
Kyle Judson – Substitute for Mark Smythe  
Lorenzo Legaspi  
Natasha Lang  
Pam Luster  
Patti Pizzi-Munoz  
Pedro RuizDe Castilla  
Sarah Thompson  
Tim Nelson  
Yulian Ligioso  
Dawn Girardelli – Non Member  
Judy Young – Non Member  
Pushpa Swamy – Non Member

**Not Attending:** Barbara Yesnosky  
Cathy Gould  
Celia Barberena  
George Railey  
Judy Hutchinson  
Kari McAllister  
Laurel Jones  
Mark Smythe  
Mike Absher  
Rachel Ugale  
Rajeev Chopra

The meeting was called to order at 12:30 p.m. by Lorenzo Legaspi, Vice Chancellor, Business Services.

#### **1. Approval of Minutes of the Meeting of December 11, 2009**

The minutes of the meeting of December 11, 2009 meeting were approved as distributed

## 2. Subcommittee Progress Reports

### Allocation Model Nuts & Bolts – Dave Fouquet

Dave reported that the committee met on January 29. Invited attendees were Jim Mathews, and Neil Eli who was representing the V.P.'s at Las Positas College. Committee members that attended the meeting were Heidi Urech, Pedro RuizDe Castilla and Rajeev Chopra. At the end of the discussions it was decided that the allocation model needs to be reconstructed. The committee developed a number of questions in order of importance into constructing a new model. The questions were made part of this agenda packet. Dave encouraged everyone to participate with comments.

#### 1. *What to Preserve*

What elements of the old model would we want to preserve?

#### 2. *What Elements off the top*

In the current model, full-time and adjunct salaries come off the top; we should probably update this to the DEMC allocation of FTEF, including the adjunct FTEF requirement. A point of discussion: any funding that comes “off the top will impact *discretionary* spending at the colleges” will be seen as desirable to reserve “off the top” allocations to that which are absolutely necessary.

#### 3. *Split Attribute*

Is it possible to have some areas partially funded “off the top” and partially discretionary? In this manner of speaking, the baseline minimum funding would be the part that would come off the top. (To aid this discussion: Are there areas that are disproportionately under-funded in 2009-10? Should it be the prerogative of this group to address?) Thinking at one point was that Chabot and LPC should operate as much as possible as autonomous entities; to what degree is that still desired?

- a. ***Instructional Support:*** DEMC model works well for allocating FTEF for staffing classes, but large disparities exist in areas such as: Instructional assistants and lab techs, counseling and library services, etc. Should that all be left to college discretion?
- b. ***Coordinator Release Time:*** How to accommodate? Do we want to come up with a baseline minimum for what is now considered discretionary release time? Note: This has mostly been eliminated at Chabot, but the release time that is statutory (e.g. Director of Nursing) or contractual (e.g. FA officers, Senate presidents) has to be funded regardless, and needs to be part of the model regardless. The question is whether to include a baseline minimum for what is now considered discretionary. (May also be addressed through collective bargaining)
- c. ***M & O:*** To what extent can Maintenance & Operations funding be scaled back in lean years?

#### 4. *What Falls Under the 14.2%*

Based on AB 1725 do we want to establish that some or all of the cost centers be included in the 14.2% for “Administration” in District-funding as opposed to college funded?

### **5. *How to Determine the College Split***

Presumably certain elements have to be funded off the top at a certain level (Health & Welfare benefits, RUMBL, things mentioned above, etc.) The rest gets allocated to the colleges. In the old model, actual FTES generation was the main input variable to determine the “college split”; now we have a FTEF allocation from DEMC, which is prospective based on FTES targets. To what extent should this be an input variable? Should we try to mimic the State funding model with regard to base funding, growth, and stability?

### **6. *Productive Tension***

How best to construct the allocation model so as to encourage all centers to be productive, develop new revenue streams, etc.? (Ties to a DEMC charge)

### **7. *Timeline***

Is it possible to "short-track" \*some\* of our decision-making so as to impact the budgeting for 2010-11? (Other elements of the model will probably need to wait until 2011-12.)

Continuing with the report Dave said that the current model is cumbersome and complex. It has been previously noted that the model is based on theoretical funding model that we do not get. It is based on a statewide program based funding model that has been superseded by SB 361.

The model has no connection to the DEMC faculty allocation process that began in 2002. Also worth noting is that while the original model is entirely revenue based, the DEMC allocation process is based on FTES targets, and expenditure needs in that some programs are less productive, and has to be incorporated. Under the notable deficiencies of the current allocation model, the model has a number of patchwork adjustments made over the years, including faculty FTEF costs taken off the top. So, ultimately, it is complicated.

#### ***Some notable deficiencies of the current allocation model***

- a. The model is based on a statewide program-based funding model that has been superseded by SB 361
- b. The model has had a number of ‘patchwork’ adjustments made over the years including faculty FTEF costs taken “off the top”
- c. The model has no connection to the DEMC faculty allocation process that began in 2002.

Dave said that the sub committee developed a list of most important things to consider in a new model. Again, he opened it up for other members to contribute to the list.

#### ***Most important factors to take into consideration in a new model:***

##### ***a. FTEF funding***

- FTEF staffing produces the District’s primary source of revenue
- What is the proper connection to the DEMC process?
- Need to make sure funding gets to the colleges to account for ancillary requirements, such as adjunct FTEF allocation, summer allocation, summer pay for full-time faculty, sabbatical leave funding, statutory and contractual release time, etc.
- Does it make sense to centralize all FTEF costs? (i.e. why run F/T and P/T faculty salaries and benefits through the college budgets at all?)

- Is it possible to construct a DEMC-like allocation process for non-instructional faculty?
  1. What comes off the top is FTEF staffing.
  2. What is the proper connection to the DEMC process. The old model is based on FTES that is produced on each campus. The DEMC is target based. Should the percentages of DEMC be rolled over directly to the percentages between the colleges. That needs to be discussed because DEMC does not take into account the expenditure needs of just the faculty but the classified levels as well.
  3. Make sure that the funding gets to the colleges to account for the ancillary requirements such as adjunct FTEF allocation, the summer allocation, the summer pay for full time, sabbatical leave funding, statutory and contractual release time, etc. All of these are now under FTEF.
- Dave continued that categories such as sabbatical leave fund had been recently overhauled of an annual true up, so that the sabbatical leave fund does not get overcharged. For example, if somebody is on sabbatical leave, the sabbatical leave fund gets charged for a full time faculty replacement, when often times it ends up being adjunct backfill. The correction is made after the fact and that is why the true up is being done in the sabbatical leave fund. We want to make sure that that money gets to the right place, wherever the FTEF cost is coming from.
  4. Centralize the FTEF cost and not run the part time and full time faculty salaries and benefits through the colleges when it is already set. What difference should it make to the science and math budget whether the end percentage is adjunct salaries. Suppose in a division budget, there are a lot of senior part timers who are at step 8 on the salary schedule and another division has part timers who are at step one on the salary schedule, does that disparity necessarily mean that the division that has more junior faculty on the adjunct salary schedule benefit from other ways.
  5. Since FTEF's are allocated to the colleges, it may make sense to centralize the FTEF cost and not run the part time and full time faculty salaries and benefits through the college budgets.
- Lorenzo said that he does not think that is possible.
- Dave commented that it seems complicated to run through the revision budget when these costs are set and get allocated a certain FTEF.
  6. Construct an allocation process like DEMC for non instructional faculty. This will raise the question of classified faculty and is a plausible connection to collective bargaining. It will be bigger and more complex so it needs to be discussed.
- Dave continued his report with Part B, Maintenance and Operations and Part C, the District Administrative Services.

***Maintenance & Operations/District/Administrative Services***

- ▶ Systemically under-funded in the current model
- ▶ How to fund M&O properly? To what degree should M&O be subject to cutbacks in difficult budget years?
- ▶ What functions/services should be included under this umbrella?

▶ How to optimize service efficiencies to maximum benefit to the colleges?

- Both the above entities exist to services the colleges. But M&O has been systemically under funded in the current model. It is always backfilled by the District. So, what does M&O need and how do we fund M&O properly. To what degree should M&O and District Services be subject to cutbacks in difficult budget years. Also, what functions of District Administrative Services should be included under this umbrella. Under the AB 1725 guidelines that includes the college Presidents, the college Administrative Vice Presidents and the college IT. Some adjustments needs to be made to move these under that umbrella and other services that can be centralized. The whole point of having a centralized office is to be able to streamline and get some economies of scale and optimize service efficiencies to maximize benefit to the colleges.

***Other Factors to Account For***

- Categoricals
- Consensus Items (where allocation is separate from the model by agreement)
- Jason Morris said that one thing the group would like in the new model is a way to adjust for energy costs such as unexpected cost increases that could be just plugged into the system, instead of being under funded and be backfilled. M&O needs to be prepared so that adjustments are easily made.
- Dave Fouquet said that part of the discussion was what items would come off the top, for example, the rumble liability and areas that uses more discretionary funds. Presumably, once things come off the top everything else can be allocated by percentage.
- Bob D'Elena said that there has to be careful consideration as to what comes off the top so that there is flexibility during tight budget times.
- Pam Luster commented that based on what Dave said, things that are not off the top would be based on percentages. For example, say if everybody has to cut 10%, it may not be possible to uniformly cut 10% in every category e.g. energy costs. That would be a whole other problem.
- Bob D'Elena asked what would be the next step and the process to build a new model if the current model is not to be tweaked.
- Dave Fouquet said that it is something that has to be decided in this DBSG group. There was a consensus in this group that a new model is needed. However, it is a big complicated process and so this group has to again decide whether the consensus remain or other people should be invited and make it a new task, a decision has to be made whether to analyze the existing model or construct a new one.
- Sarah Thompson agreed that based on the accreditation recommendation that is the direction the group has to go. The recommendation is to complete the evaluation of the resource allocation process in time for the budget development for 2010-2011 academic year. In addition to the allocation process, another recommendation is to insure transparency. There also has to be a method for assessing the effectiveness of our resource allocation operations. So, it is even a bigger charge then to figure out how the money is split up. Also, there has to be a process in place of assessing how effective that model is and have a tool to measure how effective it is for next year. Sarah read excerpts from the recommendation and said that in addition to looking at how to create or revamp the

model, there has to be some performance indicators into it to gauge how well the model is working.

- Dave Fouquet suggested that the model be set up in such way to create some productive tension to make it easier to assess for everybody to find ways to tighten up in a lean budget year and no one should be immune.
- Joel Kinnamon asked Dave that if the sub committee did the evaluation process, then, based on the recommendation which reads, “to evaluate the process in time for budget development, insuring transparency, assessing effectiveness or resource allocation, and supporting operations”, the sub committee’s evaluation does not include a budget model development.
- Dave Fouquet responded that basically the sub committee is suggesting that it would be easier to construct a new model than to tweak the existing model. The existing model is big, cumbersome and complex. It would be a simpler process to start from scratch. The committee already has some basic parameters to work from. Dave said that he does not read that the recommendation requires us to complete the evaluation of the resource allocation process in time for the budget development. Dave said that his interpretation of the recommendation from the accreditation commission is that the allocation process be evaluated, which is being done now, and based on that evaluation some changes are being made. If a new model is created then that it is more than evaluating it.
- Joel Kinnamon felt that the commissioner’s recommendation is to evaluate the existing model. Obviously, there is some consternation dialogue around the allocation model, so before changing the model, he said that he does not know if the evaluation went through the process.
- Dave Fouquet responded that he does not know if the evaluation went through the correct process. Basically, the sub committee looked at the model and had two meetings so far. At the first meeting, Judy Hutchinson went through the model step by step with the group. It was overwhelming for a lot of folks because there were a lot of lines in that a lot of micro-tweaking and allocating goes on in the current model. The result from the evaluation was that it needs to be reformulated and simplified. However, the sub committee has not formally determined that, it is up to this group to decide.
- Jason Morris stated that basically, Jim Mathews had said that this model was outdated even when it was implemented. Jason said that he is on board with Dave’s suggestion to start the model from scratch. He said that the enrollment management committee and the college budgets never seem to connect with the classified staff and counseling. All the added classes needs to have some connection between FTES and support services with that. There has been cases where there was a push to add classes to increase FTES and growth numbers, but there was no supply budget for it. These huge disparities in terms of instructional tech support have gone on for years. There are many chemistry and bio classes where instructional assistant or lab tech services are necessary, but the need to hire them creates a budgetary issue.
- Pam Luster expressed that one of the puzzling things in the recommendation is the 2010-11 academic year piece. She suggested that perhaps it would be good to obtain clarification from the commission whether this should be done. Otherwise, the group needs to make a decision on how it is interpreted and stand by it. Everyone needs to be on the same page as to the level of shift that needs to be made. It needs to be decided what that “evaluative” means. Pam agreed with Joel that the process being done now be done correctly. However, she said that it is puzzling whether it would really affect the 2010-11 resource allocation process. But, the allocation of resources for 2010-11 should not be changed based on a new model.

- Sarah Thompson commented that since the governor has already delivered his budget and the budget process has already begun, it should have been done last fall.
- Lorenzo Legaspi asked the group that his understanding was that the Accreditation team heard from interviewees that this model be evaluated in time for the 2010-11.
- Sarah confirmed it with a “yes.”
- Lorenzo Legaspi responded that now the group is saying that it is not realistic and it will take longer to put together a good product.
- Sarah Thompson said that there is a difference between evaluation and the process, which she does not read in the recommendation. The recommendation reads, to evaluate, use the information from that evaluation to get some direction for the next academic year. Sarah does not think a new model needs to be in place because that is not realistic and doable until maybe 2011-12.
- DeRionne Pollard concurred with Sarah because the semantics in the language says to complete evaluation of the resource allocation model in time for budget development. She said that an evaluation is a fairly systematic process. It has a protocol that chooses data and analyzes same. Then recommendations are drawn, which might inform whether the budget development for the following year needs to be looked at. She said that in her opinion it would be unwise to think that something would be in place by this budget development cycle. She said that she would be interested to know the process this group is taking to conduct the evaluation, and the methods of analysis used with the comparative models. That is a part of the evaluation process.
- Joel Kinnamon commented that there are several things happening, such as the evaluation piece and the budget data analysis which will feed into the evaluation. There are trends for the past three years on enrollment and budget increases/decreases. District wide comparisons can be made to determine the dollar shifts based on growth or productions and how well the model has worked to adapt to those changes.
- Dave Fouquet said that Joel’s comment was that the recommendation came from the accreditation interviews with faculty and other members at the campuses. Dave said that he did not do any interviews with the members of the commission but obtained information from people that had been in that role. The idea that the model be done in time for 2010-11 evolved from a long standing sense that the colleges are squeezed more than they should be in the current model. That the District and M&O combined is not squeezed as much, and that is the perception at the colleges. Dave noted that last fall the issue came up with the hiring of the Diversity Manager at the District office. People were concerned about the need for a Diversity Manager in a tight budget when the colleges cannot find the money to do the things that have direct impact on student success and student satisfaction. That concern may have led to the information given to the accreditation. Dave said that there was hope for some relief in this area for the colleges if the change was enacted in time for 2010-11. But at the same time these decisions cannot be made in haste. It has to be carefully thought out to assure there is enough time to construct a proper model that can be lived with for a long time. It may be that after the evaluation it is determined that the current model is effective.
- Joel Kinnamon asked Dave, what happens if after the evaluation it is determined that it is effective the way it is.

- Dave Fouquet responded that the work the sub committee has already done is independent of the accreditation recommendation. Obviously, the recommendation was not available when the work began. It was known that the work needed to be done, and this discussion is a positive step that was driven by the fact that we need to pass our accreditation.
- Sarah Thompson commented that there were some things the group was already aware of in terms of the inefficiencies of the model such as the M&O backfill which will be determined by the evaluation.
- Dave Fouquet said that it is known that program based funding has been superseded by SB361 and there is a DEMC process in place. The points that Dave made were:
  - The college gets allocated a certain FTEF, in theory the full time faculty should be subtracted and the rest is adjunct backfill
  - In addition to the backfill is the release time which has further adjunct backfill
  - It is known that the district is responsible for allocating the colleges to account for the statutory release time and contractual release time, but what about other release time such as the college discretionary.
- Dave said that program coordinating has been cut back to zero for a lot of programs at Chabot College. Subsequently, a lot of work is not getting done and these are things that are being clearly incorporated in the new model. In the current model, these are hidden in the complexity of the model which needs to be simplified with greater transparency.
- Bob D'Elena asked what the next step would be in the process.
- Dave Fouquet responded that it is something that has to be decided. First, there has to be charge to do it and then identify the group of people to construct the new model. Second, determine the way to approach that.
- Bob D'Elena followed up on De Rionne's comment that more evaluation needs to be done before constructing a new model. That involves comparing the model with possibly other models with similarities and differences, taking into account the advantages and dis-advantages of the different types of models. The question would be how to get that data or that model.
- DeRionne Pollard expressed that most evaluation studies start off with a set of questions. Once the analysis is conducted there is a set of recommendations that is driven from the data. There has to be other things that support the recommendations before a decision is made. Then there has to be a compelling case made from the evaluation suggesting the changes.
- Dave Fouquet commented that it sounds like a daunting task.
- Joel Kinnamon expressed that the evaluation may lead to validating a lot of beliefs and may provide transparency and help understand the model better, possibly resulting in saving some good pieces in it. There are other things that needs to happen to determine how the model ties back to FTEF and student program makeup. In addition, there are other recommendations around institutional

effectiveness, time planning, and budgeting and the effectiveness of having feedback. So there are some other recommendations that may not be specific to the model but is specific to the planning and assessing the effectiveness

- Bob Kratochvil said that he ascertains Dave is asking the group what should be done. The subcommittee has done some investigating and feels that they understand the current model and what it does, but does not like a lot of it.
- Dave Fouquest responded “Yes”. He said that the task of researching with other college districts and choosing the best practice is too ambitious, and sees that as a road block to the change.
- Bob Kratochvil suggested that there is a list servers that could provide the information for two college districts such as NACUBO/WACUBO which are national organizations.
- DeRionne Pollard agreed with Dave to develop a charge, appoint the committee to craft a model as a motion and allocate time to complete the task. Then bring back the recommendations to this group. However, there are some other models that might be useful to look at.
- Bob Kratochvil suggested that if the Chancellor feels the Accreditation has been satisfied of the proper evaluation, then the process should continue. But it cannot be done in time for 2010-11 budget development.
- Joel Kinnamon said that based on the report he heard, it didn’t sound like the model had been evaluated. He asked if there is a report from the sub committee that indicated that the components of the model have been evaluated and listed the things in the allocation that impact the colleges.
- Lorenzo Legaspi indicated to Joel that that has not happened. The purpose of the sub group for the allocation model was to understand the model as it is very complicated. The questions at hand evolved and were formulated after the model was examined and understood. That was the starting point of the evaluation. Perhaps the question that needs to be asked is whether it reflects the latest funding model from the State. Lorenzo suggested that the sub committee continue its work on the evaluation process as this work is already in progress.
- Dave Fouquet commented that if comparative data from other two college districts has to be looked at, the college Admin V.P’s have the greatest access to that data and they can lead the charge in that area. That might be the next step involving comparative data.
- Lorenzo Legaspi said that he can facilitate that by utilizing School Services of California to do comparative analysis with multi college districts with the allocation formula. Lorenzo then asked if the group agrees with the proposal that the charge of the sub committee is to continue with the evaluative process looking at data from other multi college districts. If so, he asked if questions should be formulated and criteria set up.
- Natasha Lang suggested that more people with other areas of expertise be included in the discussion. Since the model is difficult and complex, there are many factors involved in the decision to understand and create a model with the level of simplicity that everyone wants.

- Joel Kinnamon said that he wants a model that everybody can live with and is happy with. He told the group that when collecting data for analysis to be sure it is from solvent districts.
- Jason Morris commented that the sub group needs to track how the increase in enrollment translates into increase in administrative budgets, or in classified budgets, and an increase in M&O budgets. There needs to be some analysis to determine if there is any connection between the two. The group has the enrollments, but for comparison it needs information on salary and benefit increases for the past three or four years.
- Dave Fouquet said that he would be curious to see the data from other districts, even unsolvent ones as to how they spread the reduction and adjustments with their models in a bad budget year? That would help to understand how the model works in some ways. Then when the budget gets better, how do things return to “normal” again. Those are all interesting questions, and a good effective model definitely has to address those.
- Heidi Ulrech suggested that maybe the group come up with a list of tasks for the sub committee’s next meeting.
- Lorenzo Legaspi reiterated the tasks for the sub committee with the DBSG group:
  - a. continue with the evaluation
  - b. develop list of criteria
  - c. develop questions and compare with other districts

Lorenzo asked the group if there was anything else the sub committee should be doing.

- Sarah Thompson suggested that the sub committee also develop the measurements of effectiveness because whatever gets implemented has to be effective.
- DeRionne Pollard came up with 5 questions for the evaluation:
  1. What are the strengths and weaknesses of the current model
  2. What are the best practices of other two college districts and their allocation models. And, she said that the sub points that are on Dave’s sheet about the 14% split be included
  3. How does the existing model respond to the questions that Dave was asking viz salary and benefits
  4. What are the measurements of effectiveness of this model
  5. How will we evaluate an allocation model in the future
- Lorenzo Legaspi asked if anybody else can add to the questions? Then he added the following questions:
  1. How does it address enrollment growth?
  2. How does it address cost of living adjustments

3. How does it address salary adjustments; annual increases in step and column
4. How does it address medical and dental costs

- Bob D'Elena asked if there might ever be a time when the model has to be suspended and something else takes its place. Ultimately how does it address the fluctuations in workload?
- Lorenzo Legaspi said that he would ask how does this allocation model reacts or addresses sudden increases or decreases in funding as opposed to suspension.
- Pam Luster said that there are fixed costs across the District regardless of the percentage each entity receives and so everybody needs to agree to that fixed percentage which might go up or down regardless of what entity is built into the model.
- Lorenzo Legaspi said that the question would be how does this model recognize fixed/variable costs.
- Dave Fouquet said that he would insist that the fixed costs are well defined and agreed upon.
- Lorenzo Legaspi made a motion for the sub committee to continue its work in the direction given during this meeting.
- Bob D'Elena seconded the motion

### **Board Policy**

- DeRionne Pollard reported that at the last meeting she volunteered to be the leader of the Board Policy sub committee. The committee will meet for its first meeting very soon. The committee is currently obtaining some background information to bring to the group.

### **3-Year Budget Data Analysis**

- Bob D'Elena reported that the group met last Friday, January 29. A number of people could not attend the meeting. There were actually only two attendees, Bob D'Elena and Natasha Lang. They talked about a path forward and Natasha and Bob will meet next week. Hopefully, the group will have something concrete to show as a draft.
- Bob D'Elena said that there is always a lot of stuff to cover at this meeting and it is constantly going over the time. He suggested that the meeting time be changed to conclude at 2 p.m. instead of 1:45 p.m.
- The group agreed to change the meeting time to go from 12:30p.m. to 2 p.m.
- Dave Fouquet delivered a comment from Mike Absher who could not attend the meeting today. Mike said that due to conflict with class lecture on Fridays, and when DEMC and DBSG both meetings are on the same day he can not attend both.
- Joel Kinnamon commented that the reason behind is that in the past, about 2 or 3 years ago, the college Presidents requested that District-wide meetings be held on the same day. They felt that driving could be reduced for the attendees by stacking the meetings.

### **3. Presentation on Medical Costs**

- Lorenzo Legaspi introduced Bob Schoenherr from Keenan & Associates, the Administrator of medical insurance for the District. He said that Bob will give the group some historical perspective of numbers from the past three years. Perhaps that would give some indication of what the District can expect this upcoming year.
- Bob Schoenherr expressed that his group is very proud to work with the District on a wide variety of programs. In the employee benefits area, workers compensation, property liability, most recently in the implement of the retirement program.

The District currently has benefits with Kaiser HMO, the Anthem HMO, and the Blue cross PPO. The District's contribution for health benefits is limited to the highest cost of HMO and that is the Anthem/Blue Cross PPO. That is the key figure in terms of the District costs. Of course, if the plan costs more then the employee has to pay for the difference in cost. That is usually the Anthem/ Blue Cross PPO. The District has a mixed enrollment in both programs. The enrollment between the Kaiser HMO and the Anthem/Blue Cross HMO are at approximately 300 employees each. And there is about 50 or less employees in the Blue Cross PPO.

Bob explained that when Keenan gets the proposed increases from the insurance carriers, Keenan's actuaries and technical units do an evaluation of the renewals. The largest component of a renewal is on paid claims. The carriers apply a trend factor to project the increase/decrease and then add their administrative costs. The District has about 10-12% trends in the claims which drive the costs. Based on the District's trend the increase for the upcoming year will probably be in the low 20's. Bob said that it will be difficult to bargain that down to 13%. Bob encouraged the District to form an insurance committee to evaluate options and issues, and perhaps be an investigative body for negotiations for any benefit changes.

- Lorenzo Legaspi told the group that Bob Schoenherr will be invited again to a future meeting to give the group some details of the District's medical coverage.

### **4. Governor's January Budget Proposal for FY 2010-211 and Other Related Budget Information**

#### **5. 2010-11 Budget Development Assumptions**

- Lorenzo Legaspi proposed to the group that due to time constraint items number 4 and 5 of the agenda handouts be reviewed on their own.

#### **Next Meeting**

March 5, 2010

Meeting was adjourned at 2:15 p.m.

*Meeting Minutes prepared by Pushpa Swamy*