

District Budget Study Group

Meeting Minutes December 11, 2009

Place: Las Positas College, California

Attending: Barbara Yesnosky
Bob D'Elena
Bob Kratochvil
Celia Barberena
Dave Fouquet
DeRionne Pollard
George Railey
Heidi Ulrech
Jason Morris
Judy Hutchinson
Lorenzo Legaspi
Natasha Lang
Pam Luster
Patti Pizzi-Munoz
Pedro RuizDe Castilla
Rajeev Chopra
Sarah Thompson
Tim Nelson
Yulian Ligioso

Not Attending: Cathy Gould
Joel Kinnamon
Kari McAllister
Laurel Jones
Mark Smythe
Mike Absher
Rachel Ugale
Rachel Azimini

Non Member: Timothy Dave
Pushpa Swamy

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 November 6, 2009

The minutes of the meeting of November 6, 2009 were approved as distributed.

2. Sub-Committee Progress Reports

3-year budget data analysis

Bob D'Elena did not have anything to report. He had been sick for a couple of weeks and upon return to campus he had to focus his energy on teaching. He said that hopefully he will have a report on progress at the next meeting.

Board Policy

DeRionne Pollard volunteered and was appointed group leader for the Board Policy sub committee.

Allocation Model Nuts & Bolts

Dave Fouquet reported that his group met a week ago. Jim Mathews was also invited to give the group a historical perspective. Judy Hutchinson went over the model. The group is beginning to understand the program based funding model formula. The program based funding percentages are calculated on a theoretical funding level and would be based on the student apportionment, faculty and certain square footage to cover for M&O funding. If based on that funding, the district would be receiving approximately \$157 million. Historically, in California, the colleges are under funded and the actual numbers we receive from the State is quite a bit less. So, obviously, Dave said that we need to formulate a better way to look at that.

Dave continued to say that State funding is now based on Senate Bill 361. There is a statewide figure of 14.2% allocated for the administration of a community college. It was intended by AB 1725 that certain things that we now have at the college level would be under that 14.2%. This would include the offices of the President, the fiscal Vice Presidents, all of the IT, including both District and campus IT. There are certain elements that should fall under that umbrella but are not. Definitely, there are things at the college levels that theoretically were under that 14.2% and would be worth taking a look at. There are some intricate elements that we do not understand.

The group needs to do some brainstorming on the things that we would like to incorporate in a revised model. Another issue that could come up in the discussion is that at the time the model was developed the DEMC allocation process did not exist. The percentages were based on the actual FTES earned at each college. Faculty funding is a big chunk in the 1000 accounts which is allocated by the DEMC process. On account of the FTEF productivity level, certain things are less productive, for example, the Nursing and Dental Hygiene programs. But the Nursing Program Director who is on 100% release time gets added to the faculty allocation. Otherwise, we cannot have a nursing program. The DEMC allocation process has gone from the FTES production to basing the allocation on an expected target. The question still remains as to what extent should the FTES target be driving the rest of the allocation process. One of the things that needs to be accounted for in this discussion is what happens if the DEMC is only allocating FTEF and not looking at other associated costs at the colleges.

Additionally, this group needs to look at the disparities of the lab tech support at the two campuses. Chabot College has always been very under staffed in the areas of the lab techs and in the lab sciences. This is due to the allocation process at the 2000 levels, and part of that is tied into the planning and accreditation. The solution is not easy.

- Rejeev Chopra commented that the model is based on a single college district and not on a multiple college district. There is no guidance for the 14.2%, and State law does not explain what it should cover.
- Lorenzo Legaspi clarified that the program based funding model was not developed on a single college district because at that time there were many multi college districts. Our district was a single college district at the time.
- Dave Fouquet said that historically, the District was given more money than it needed to run the District office. But M&O was always under funded by this model and so the District has been backfilling extra million dollars to M&O on a yearly basis.

Another interesting piece to the mix is that we now have solar power at both campuses. The new construction at both campuses and the increasing square footage is consuming more electricity.

- Jason Morris mentioned that it was also brought up at the last DEMC meeting that the model does not have a built-in mechanism for predicted costs for M&O.
- Lorenzo Legaspi responded that M&O has been growing faster than the FTES growth. If everything else is funded by FTES and the building square footage has doubled in size, funds have to be infused into the M&O for upkeep of the buildings. Tim has been doing a baseline savings calculation from solar panels versus the new buildings with air conditioning, the central plant etc.

Tim also works with a formula based on which he is able to project custodial needs to maintain the new buildings. The backfilling of M&O is a result of the increased square footage and the cost of utilities going up faster than the funding source.

- Tim Nelson said that the current estimated savings from the solar panels at Las Positas is 25%. But with the addition of the theater, the ITS building, the childcare center and the swimming pool, that 25% will offset the M&O budget. The estimated cost to heat the swimming pools this year is about \$50,000. In January, Chabot College is opening up almost 50,000 square feet of building space.

He said that the M&O backfilling is just for operating costs and not for staffing. The formula he uses for custodial costs does not include the beautiful grounds, athletic facilities, the need for groundskeepers and the preventive maintenance on all the heating-air conditioning and lights etc. Even the solar panels require maintenance for efficiency. Based on the staffing formula, and with a 10-15% absenteeism ratio, M&O is under staffed to clean at a level three with the industry standard of 1-5 cleaning level. Tim said that he would be happy to share the details of the formula at a later meeting if the group so desires.

Tim added that the District files for the State Scheduled Maintenance funding annually on a rolling five year plan that identifies major projects, such as new roofs, replacement of old and obsolete mechanical equipment etc. The State funding is not guaranteed, but dependent on how much money the State has from year to year.

- Celia Barbarena said that the 10% absenteeism that M&O is referring to should be calculated into the staffing level costs as those are part of the employee benefits.
- Sarah Thompson asked if the District can pre-buy utility at lower rate for future.
- Tim Nelson responded that the District does pre-buy utility if advantageous. The District is locked in at a 70% fixed rate and a 30% variable rate for utilities this year.
- DeRionne Pollard mentioned that Las Positas College will be opening two new buildings this semester. The true cost of those facilities will not just be M&O and electricity, but staffing as well. She said that she would like to understand Dave's point about instructional assistants and other types of staffing. To know what part of those decisions are made locally versus at the District level. There will be a rich and layered conversation about this down the line with the prospect of opening new buildings at a point when we have fiscal challenges from the state.

She said that she would like to know how the allocation model can be made a living model. In that, once created, there will be a systemized process to evaluate, assess, and make changes to it routinely. She said that with the issue of true costs, things need to be looked across the board, one of them being workload banking. In that, certain hours are banked at one pay rate and pulled at a different rate over the course of the year. A significant issue that this model has to be able to do somehow is to cost out things and plan for them. So, there are high expectations for the Allocation Model subcommittee, to do things in a partisan way and with a high level of analysis.

- Rajeev Chopra commented that monies should be allocated to colleges based on the square footage and the service level.
- Bob Kratochvil commented that if the District is continuing to backfill the M&O dollars then why not change the District allocation in the first place.
- Dave Fouquet commented that colleges are suffering cuts to vital programs. There is no counseling support and no tutoring. The tech support staff are not being replaced. If the M&O budget is another off the top, and it takes precedence over other things in the allocation model, then it is something that needs to be worked out.
- Sarah Thompson said that there has to be some kind of evaluation and assessment of fixed costs to try to minimize as much as possible.

3. Spreading the Hurt

Bob D' Elena said that his idea of spreading the hurt is to do the least amount of damage that has the least effect on students. The State is in dire financial strains and that our colleges are facing a very serious crisis. The Vice Presidents at Las Positas College are sending memos regarding deeper budget cuts with reductions affecting classes. He said that when most companies are faced with crisis they think of the customer first and our customers are students. He felt that support staff should take the brunt of the budget cuts as they do not come in contact with the students. He asked whether the District, while in a serious budget crisis, can put an immediate freeze to all open positions that are not customer related. Additionally, a 10% across the board budget cut be made in activities that do not impact

students directly. Those dollars can be re-allocated to save some FTEF and not cut so many classes. He said that we have a crisis and we need to take the right approach to these budget cuts.

- Dave Fouquet mentioned that the open position for Manager of Diversity at the District office was brought up at the Chabot Senate meeting. The question was why this position was not frozen when the District seemed to be managing without the position, especially at a time when there are so many things going on at the college level.
- Bob D' Elena supported Dave's comments and said that at Las Positas College the Senate President made a request for a faculty representative on the hiring committee for that position. After receiving the request there was a great deal of concern from the faculty about why a position that does not help serve the students is being filled.
- Rajeev Chopra added on to say that if numbers are put into perspective, with an estimated \$150,000 dollars to fill the position, it can translate to 22 courses available at a college in one semester.
- Pam Luster- retorted that the comments made about Student Services making cuts away from students is counterintuitive. She said that Student Services is also thinking through what Bob is saying, and are doing the things where the impact is least felt. For example, Admissions and Records has no hourly budget; the full time staff who attends to students at the counter has to go back and evaluate transcripts. Counseling on Fridays have been canceled and evening counseling has been reduced from four to two sessions. So, services to students have slowed down, but they still go to the classes. She said that it is really tough and she acknowledged Bob's idea.

However, she said at the last campus gathering the core was to preserve people. We are a community of people who serve our students and so we need to preserve services and instruction and other things that support students. Every area of the District has been making some pretty tough decisions at this point. The rationale that we are trying to keep services away from the students is absurd.

- Bob D' Elena responded that he wished he had Pam's data beforehand. He said that he felt with the District of this size there is room for job reduction, for reallocation of work load, and reduction of temporary people, and contracts that are due for termination to be renegotiated. The resultant savings to be redirected to the colleges for student needs.
- Lorenzo Legaspi acknowledged Bob's points. He said that this year the State Chancellor, Jack Scott, reduced the workload by approximately 3.4%. Our District did not make that reduction in the Fall but made some reduction in the Spring only. The District actually served more students than what the State funded and that is a good feeling. Lorenzo expressed that any reduction ultimately impacts the students. The District budget should be developed based on the District's needs. Funding is dwindling. This year is not going to be better than the last couple of years. Lorenzo told the group that advocacy is good, but let us not be divisive and focus on doing the best with the funds we have in serving our students.
- Bob D' Elena responded that he certainly didn't mean to be divisive. He said that he recognized that under the circumstances Lorenzo has been doing an excellent job. Bob said

that he just hoped to bring to life some things that have not been considered yet and other ways of dealing with the budget crisis.

- Lorenzo Legaspi told the group that in January the Governor releases his budget when this conversation can be continued.
- Sarah Thompson commented that more than ever the District and Colleges have to be transparent. There is a high level of frustration with the counselors, the faculty, and the immediate administrators who deal with students daily. They are angry because they are impeded. Even though support networks and support services are very necessary in the function of our colleges, they are just not dealing with the same level of emotion on a daily basis. The counselors at Las Positas are at a breaking point. We simply cannot extract any more out of them. The frustration at the faculty level is rising as well.

If the positions at the District are necessary, then there has to be an explanation to the community. Otherwise, the feeling at the colleges is that here is another District position that the colleges have no understanding as to the function it fills, or how it relates to serving the students. It is for this reason that the level of transparency really has to be increased now, particularly because of our financial crisis. Otherwise, it is going to become divisive.

- Dave Fouquet requested that Lorenzo provide some idea of the cost savings from the SERP and how it will impact the 2009-10 budget.
- Lorenzo Legaspi said the District now has the actual count from the SERP. The calculations are being done and the data will be looked at in January/February during the budget development.

Other
None

2010 Meeting Calendar

Lorenzo suggested that the group review the proposed meeting calendar and email any conflicts.

Next Meeting Date

- The group suggested and agreed that the sub committees meet on January 29, 2010.
- The next DBSG to meet on February 5, 2010.

The meeting was adjourned at 1:45 p.m.