

**CHABOT-LAS POSITAS
COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
STUDY MEETING**

**MINUTES
March 6, 2012**

PLACE

Chabot-Las Positas Community College District, 5020 Franklin Dr., Pleasanton, California.

CALL TO ORDER

The meeting was called to order at 5:30 p.m. by Board President Dvorsky. Recording Secretary Beverly Bailey called the roll. Trustee Mitzman was absent and excused at the time of roll.

CLOSED SESSION

The Board immediately adjourned to Closed Session, which ended at 6:55 p.m.

OPEN SESSION – CALL TO ORDER

The Board readjoined in Open Session at 7:00 p.m. Recording Secretary Beverly Bailey called the roll. Trustee Mitzman was absent and excused at the time of roll.

ATTENDANCE

Members Present: Trustee Arnulfo Cedillo
 Trustee Isobel F. Dvorsky
 Trustee Donald L. “Dobie” Gelles
 Trustee Hal G. Gin
 Trustee Barbara F. Mertes
 Trustee Carlo Vecchiarelli

Members Absent: Trustee Marshall Mitzman (excused)
 Student Trustee Takeo Hiraki, Las Positas College
 Student Trustee Nkechi Okpara, Chabot College

Recording Secretary: Ms. Beverly Bailey

Managers Present:

Dr. Joel L. Kinnamon, Chancellor
Dr. Susan Sperling, President, Chabot College
Dr. Kevin Walthers, President, Las Positas College
Mr. Ken Agustin
Mr. James Andrews
Ms. Rita Brown
Dr. Marcia Corcoran
Ms. Julia Dozier
Mr. Wyman Fong
Dr. MaryAnne Gularte
Ms. Judy Hutchinson
Dr. Howard Irvin
Mr. Jeffrey Kingston
Mr. Bob Kratochvil
Mr. Lorenzo Legaspi
Ms. Jeannine Methe
Ms. Dyan Miller
Dr. Janice Noble
Ms. Tram Vo-Kumamoto
Ms. Sylvia Wodyka
Ms. Barbara Yesnosky

Others Present:

Ms. Jennifer Adams, Las Positas College
Ms. Kathy Kelley, President, Chabot College Academic
Senate
Ms. Karen Kit, District Services
Ms. Melissa Korber, Las Positas College Academic Senate
Dr. Charlotte Lofft, President, Chabot-Las Positas Faculty
Association
Mr. Patrick Lofft
Mr. Chris Parman, District Director, Assemblymember
Hayashi
Mr. Todd Steffan, President, Las Positas College Classified
Senate

PLEDGE TO FLAG

Trustee Cedillo led the pledge to the flag.

REPORT OF ACTION TAKEN IN CLOSED SESSION

Board President Dvorsky reported that in Closed Session by a roll call vote, the Board acted to approve the non-renewal of a Management Contract for the position of District Executive Director Public Relations and Governmental Affairs. The vote was 4-2, with Trustees Cedillo and Mertes voting no. Trustee Mitzman was absent.

PUBLIC COMMENTS

There were no Public Comments offered at this meeting.

PRESENTATION: BUDGET UPDATE

Mr. Legaspi presented a PowerPoint Presentation on the Budget as follows:

- Background Information on Governor's January Budget Proposal;
 - \$9.2 billion budget gap
 - November tax initiative
 - Personal income tax increase on wealthy
 - Sales tax increase half percent
 - No cuts to education if tax initiative passes
 - Triggers included
 - \$4.8 billion in cuts to education
 - No payback of deferrals
 - No enrollment growth
 - No increase in student fees
 - 0% COLA (3.17% COLA)
- Update on Current Year 2011-12 Budget;
 - February Surprise
 - Enrollment Fee Shortfall of \$100 million
 - Property Tax Shortfall of \$49 million
- Preliminary Budget for 2012-13;
 - Tax Initiative Pass/Fail Scenarios
- Key Dates;
- Budget Development Framework
 - Guiding Principles
 - Role of District Budget Study Group (DBSG)

Mr. Legaspi reported that the District Preliminary Budget Development includes Mandatory Obligations increases – Retiree Medical Premium; PERS; step and column; Medical Premium Increases for SEIU; and Property and Liability Insurance. In addition, the Preliminary Budget includes concessions made by the Faculty Association and

Administrators and includes \$0 concessions from SEIU, as they have not as yet settled their contract. He also reported the budget does not include any deficit coefficient (reduction 3.4% in 2011-12, and 0% in 2012-13). He noted that one can almost predict the likelihood of a deficit coefficient for 2012-13.

In reviewing the current year 2011-12 Budget, Mr. Legaspi explained that when the District adopted its budget, there was a budget deficit of \$3.5 million. He further explained that in order to adopt a budget with a 5% reserve, the District borrowed from RUMBL (\$2.5 million). He reported that currently, the District has a budget deficit of \$5.3 million and currently has a 4% reserve. He reported that there is a shortfall of \$937,617 to restore the reserve to 5%.

Mr. Legaspi presented the two scenarios for 2012-13; if the tax initiative passes, and if the tax initiative fails. He highlighted the Budget Deficit in the two scenarios. As a best case scenario if the tax passes, the District will have a Budget Deficit of \$4.1 million; and a shortfall to close the Budget Deficit and restore the 5% reserve of \$5.1 million. If the tax fails, the District Budget Deficit will be \$8.1 million; and a shortfall of \$9.2 million.

Mr. Legaspi reported that Chancellor Scott has directed that the \$4.1 million will come in the form of workload reduction, or serving 855 FTES less. He reported that based on approximately \$80,000 per employee, the \$9.2 million shortfall is equal to approximately 115 full-time employees.

In response to a question raised by Trustee Vecchiarelli, Mr. Legaspi reported that there are currently three proposed tax initiatives on the ballot, which is a concern for the Governor as it “clutters” the ballot. Tax initiatives include the Millionaires Tax; Oil Extraction Tax; and Governor’s Tax, which is half cent sales tax and tax on income over \$250,000. He reported that the Governor’s proposal is temporary through 2016. He reported that the Teachers Association is backing the Millionaires Tax as it is earmarked for education, unlike the Governor’s tax, which is General Fund Monies.

Trustee Vecchiarelli further questioned why California has not taxed oil extraction previously as is done in other states and would offset the major part of the deficit. Mr. Legaspi expressed as an explanation the presence in California of many big oil companies and their ability to fight any severance taxes. Mr. Legaspi further reported that it is not a fait accompli that this tax will be on the ballot; and if it is a constitutional amendment, would require 800,000 signatures rather than 500,000.

Trustee Gelles expressed that “we hope for the best but must plan for the worst”, noting that this is a crisis. He questioned if the Board would receive a plan from both Colleges concerning the two budget scenarios. Trustee Gelles expressed that we cannot wait for the public to decide on the taxes in November. He also expressed that all organizations need

to understand where we are. Chancellor Kinnamon reported that input and discussion from the Colleges is planned.

Mr. Legaspi reported that last year we took the “let’s wait and see” route. He cautioned that that route is no longer an option, as November is too late for budget preparation. Mr. Legaspi reviewed key dates as follows: May 20, Governor’s May Revise; June 1, DBSG Recommendation to Chancellor and Board; June 30, Tentative Budget due to State; and September 15, Adoption Budget due to State.

Mr. Legaspi reported that the DBSG, which consists of approximately 30 individuals representing all constituent groups in the District, has self-imposed a deadline of June 1 for a recommendation of Guiding Principles of Budget Development. He reviewed the Guiding Principles that DBSG has developed to date:

- Use DEMC targets to project staffing for Colleges;
- Maintain 5% reserve;
- Not pay back the RUMBL at this time;
- One-time monies will be applied to the 5% reserve and any excess will pay back the RUMBL (2-3 year period);
- DBSG to meet every two weeks starting with the March 2 meeting;
- Solution for \$5.1 million by March 31, 2012;
- DBSG recommendations to be forwarded to the Chancellor and Board;
- DBSG recommendation targeted to be completed by June 1 to meet the statutory requirement for Tentative Budget by June 30;

Mr. Legaspi reported that District staff is looking to the Board for direction on the \$5.1 or \$9.2 million deficit.

Trustee Cedillo expressed that whatever we do in this crisis is going to hurt a constituency or program. He expressed that he does not want the District to end up like City College of San Francisco, cutting classes mid-term. He also noted that there are districts cancelling Summer Session. He expressed that everything is on the table. He also noted that another district is looking at dropping its football program because of its cost, but recognizing that it does generate FTE. However, the question is will that FTE be of value when you have this type of deficit, and districts may not be funded for it anyway; and that is where Summer Session comes in. He expressed that if this District needs to make a decision regarding Summer Session before March 31, the date DBSG anticipates having its recommended solutions. He recommended to the Chancellor and DBSG that we need to look at it seriously and realistically. He expressed that he looks forward to the DBSG recommendations.

Trustee Gin questioned the showing in the polls regarding the tax initiatives. Mr. Legaspi reported that the Governor's initiative is looking favorable. He also reported that the Governor is concerned about other initiatives "cluttering" the ballot and voter fatigue. He also noted that districts will be asking for monies as well.

Trustee Gin expressed the concern that community colleges have been known to be the "open door" institutions for anyone interested in education; however, he can't envision how that mode can be continued. He noted that the various committees will determine what ought to be reduced or cut, but expressed that "the whole picture is certainly more important." He noted that cutting football may be one answer. He cited a previous decision made when he worked at California State University, East Bay to cut football because of its cost. He noted that in the long run, it was not the best decision for the institution; and cautioned what may seem obvious may not be that obvious. He expressed that he looks forward to what recommendations come from the various groups, noting that "it will not be easy."

Trustee Gelles complimented Mr. Legaspi on the budget preparation and expressed that the Board looks forward to the recommendations. He expressed that any cuts should stay as far away from the classroom as possible. In addition, he understands that Faculty are already taking numbers in excess of class capacities. He also expressed that all organizations need to understand that they need to "chip in." "Nothing is sacred – from Administrators, Faculty, and Staff." He also noted that the majority of our budget is for staffs, and cautioned that these are lives we are dealing with. He also noted that the students need education to get on with their lives. He expressed that the Board will look forward to continuing reports from the Budget Committee.

Trustee Vecchiarelli expressed that it is hard to react to this information right away. He expressed concern regarding the borrowing and payback to the RUMBL fund, but he also expressed that he understands that we may not have had a choice. He expressed that "the most important thing we do is for the students, and that is the emphasis of where we have to put the money." He also cautioned that it would be irresponsible to over-project revenue. He also reported that the question is if we can make our base or our CAP. He expressed that the State Chancellor's Office needs to be flexible. He expressed confidence in the District Budget Study Group Members and in our ability to succeed. He expressed that in his 44 years with the District, this is the worst economic climate he has ever seen; and he expressed that we may have to dig into our reserves. He expressed that we need to proceed with caution and with solid facts.

Trustee Mertes expressed appreciation to Mr. Legaspi for the presentation. She expressed confidence that Mr. Legaspi will be working very closely with the State Governor's Office with regard to our finance concerns.

Dr. Walthers reported that Las Positas College is committed to the solution and the importance of the 5% reserve. He reported that the campus community is working on budget scenarios, and are trying to do it in a way that when we get on the other side of this, we can look back and are able to recognize the College. He reported that at this point in time, it is a math problem rather than a policy discussion.

Dr. Sperling reported that she was very impressed by the discourse and debate that she saw at the recent District Budget Study Group (DBSG) and District Enrollment Management (DEMC) meetings. She expressed that it was such a beautiful modeling of the values that have informed our interest in and commitment to participatory governance processes. She expressed that there was a great sense of people coming together to share diverse ideas and come to some kind of consensus about the best direction to move at the District level. At the College level, she admits that there has been somewhat of a hiatus the past few months but are now working assiduously and rapidly to develop a set of recommendations that she will bring to the Chancellor based on their principles of shared or participatory governance so that at the end as they are looking back at this difficult period, they are able to say both that 1) we recognize the institution that we began with and spent fifty years planning and developing; and 2) that we made the painful and necessary reductions in a way that upholds our deepest principles.

Mr. Legaspi reported that DBSG has a couple options to take for direction. He expressed that it is a very spirited group of individuals who don't hold back and advocate for their centers. He reported that DBSG struggles with how to approach this deficit of either \$5.1 or \$9.2 million. Options include: 1) identify \$5.1 million in cuts and then identify another \$4.1 in trigger cuts that will happen in November (noting that if you were going to develop trigger cuts when half the year has gone by, that will be \$8.2 and not \$4.1); or 2) identify \$9.2 in cuts now and then if the tax initiative passes, add back the \$4.1 million.

Trustee Dvorsky highlighted a communication from the League which indicates the devastating news that the Chabot-Las Positas Community College District will be reduced in funding by \$4,866,000, resulting in a workload reduction of 1,068 FTE or approximately 356 course sections. In addition, the trigger in the "February Surprise" brings the total for 2011-12 cuts to \$564 million; and for the Chabot-Las Positas Community College District, an additional reduced funding of \$1,119,000 for an additional workload reduction of 258 FTE or approximately 86 course sections. Additionally, the District was cut \$455,000 on a one-time basis. She expressed concern for the students.

Ms. Kelley expressed that the concern of many is that if you cut classes, you are cutting into your revenue stream. She noted that in years previously, the College went back and forth from turning students away to chasing enrollment. She expressed that the risk is if you cut classes, the students may fail to come back. She noted that the feeling of DBSG is to safeguard classes as much as possible because that is where apportionment comes from

and to offer Summer Session, and hope that we can look at other options for the Fall. She recognized Ms. Yvonne Wu-Craig and the Classified who came up with a list of money-saving suggestions. She noted that DBSG is looking at and considering all options to save money.

Trustee Gelles expressed that if you are asking the Board for direction, he would have said to go with the \$9.2 million; however, he expressed that the comments made by Ms. Kelley are a rational approach to the future. With that in mind, he would suggest being very cautionary, going with the \$5.1 million with a secondary plan for the additional cuts.

Mr. Legaspi summarized that this approach is similar to how the State has approached its own budget; that we would have mid-year trigger cuts, so we would identify a set of reductions, as well as solutions, looking at the revenue side, of \$5.1 million with a list of trigger solutions should the November tax initiative fails.

The Board expressed consensus.

Trustee Vecchiarelli expressed that of all the states, California probably spends the least amount of money on education and questioned how they are supporting their students in the classroom. He reported that years ago, the District would set the tax rate. Today, we have to have the State fund higher education, and they do not do a good job.

In response, Mr. Legaspi noted that the California Community College System has the lowest tuition in the nation. Dr. Walthers reported that “this is all on the backs of students across the nation.” He reported that the direct costs of instruction from the community colleges to the research 1 universities has not changed in more than 20 years; the same adjusted-for-inflation cost of educating a student at the institution is the same. The only thing that has changed is the mix of funding. The one thing California can be proud of is that we admit that we are taxing students; in other states, they pull the money out of the colleges and the Presidents and Boards, as is done at UC and CSU, have to raise tuition just to recover the lost revenue and maintain the status quo. At the California Community College level, they take our money and it goes to Sacramento; then they refill our bucket so that every time there is an increase, it is a direct tax on students to balance the state budget.

Trustee Dvorsky highlighted from a national update that when President Obama addressed the National Government Association, he emphasized the need for states to invest in education and supported the Trade Adjustment Assistance Community College and Career Training Grant Program. She emphasized that we need to look at getting as many grants as possible because they will support our programs. She noted this is an \$8 billion grant of which every state will get a share; acknowledging that it will be very competitive.

PRESENTATION: VOTER APPROVED FUNDING – PARCEL TAX/GENERAL OBLIGATION (GO) BONDS

Mr. Kingston presented two voter approved funding sources: 1) Parcel Tax, which can be used to fund operations of the Colleges; and 2) General Obligation (GO) Bonds, which are technically for capital projects; however, can be designated for specific allocations to areas that are acceptable under Proposition 39. In regards to the Parcel Tax, he reported that the real challenge is understanding if the local population will support it, which can be determined through polling by an independent firm. At the same time, the firm could do polling on the GO Bond. He expressed that it would be prudent for the Board to make that investment so that when we are asked what has been done to explore all possible opportunities for funding, we would have at least polled to determine feasibility. If it appears feasible, we would put it on the ballot and let voters tell us if they would support a local tax.

Mr. Kingston reported that the General Obligation Bond would support capital projects, which would be funding of a prioritized list of projects in the Facilities Master Plan. He expressed, and based on Ms. Kelley's comments, "if you have the facilities in place, then they will come." He expressed that the state of the College facilities (physical environment) draws the students, as well as the educational offerings. He reported that in the current bond and in a future bond there is significant funding that is legitimately being used under Proposition 39 to support the operations of the Colleges. One area is Information Technology (IT systems and infrastructure); which will also be important in the future to be current in your offerings, noting that this area will have the biggest change. He reported that in the current bond, the District made the investment to carry out for several years the IT replacement of equipment as well as the infrastructure. The second area is Scheduled Maintenance, noting that the current GO Bond is primarily funding the maintenance at the Colleges. The third area is Structural Equipment. He reported that the District set aside \$10 million per College from the current bond with the intent to expend \$1 million per year to purchase Structural Equipment. He noted that without that funding, no additional structural equipment would have been purchased. The fourth area is to make investments of capital to offset future operating costs; i.e. purchasing in lieu of leasing copier machines, and investing in energy efficiency to reduce energy costs.

Mr. Kingston reported that a General Obligation Bond would not be used for capital growth but would be used for capital improvements or renovations of existing facilities, or to provide facilities for new programs to remain current.

Mr. Kingston questioned that if the Board wishes to go forward with the polling and it comes out favorable, do we want to go for a Bond. He noted the amount of work involved with a Bond and expressed that staff will need to know if they focus on this or focus on other areas.

Trustee Dvorsky questioned other school districts that may be on the ballot, noting that San Leandro Unified is polling currently. It was noted that Dublin, Hayward (June), and Union City-New Haven are going for a bond. Trustee Gelles reported that Castro Valley residents said no in polling.

Dr. Walthers reported that it is his understanding the many of the K-12 districts will be going with the June ballot.

Mr. Kingston suggested that the Chabot-Las Positas Community College District go for a bond on the November ballot. He suggested that even though the ballot may be cluttered, the educational vote would come out for a Presidential Election. He also expressed that he believes we could wait another year but it would be optimal in November.

Trustee Dvorsky questioned the amount of the bond and the tax on homeowners per \$100,000. Mr. Kingston reported the first step would be to do the polling, which would answer these questions.

Mr. Kingston asked the Board for direction in going forward. He reported that the award of a contract would be brought back to the Board for approval at the next Board Meeting.

Trustee Gelles voiced that as a taxpayer, he would not vote for any taxes right now. He asked the Chancellor what his recommendation would be, to which Chancellor Kinnamon indicated that he recommends that we do the polling, looking at approximately \$30,000 for the polling. He reiterated comments made by Mr. Kingston that there is a significant amount of monies from our General Obligation Bond being used for infrastructure (i.e. IT) that had previously been in our Operating Budget; and expressed the importance of crafting ballot language to sustain that.

Trustee Gelles stressed the importance of how it is presented to the public, noting that if you say the monies are for salaries or administrative positions, you won't get the vote. "It must be for students in some way." He expressed that he is in favor of exploring every avenue possible. He reported that he would support polling to get an answer. He also asked for a timeline for the November ballot, noting that there was insufficient time for the June ballot. Mr. Kingston reported that the Board would need to pass a resolution by July 17 in order to place a measure on the November ballot.

Trustee Dvorsky asked the census of the Board.

Trustee Mertes indicated that she was undecided.

Trustee Vecchiarelli reported that he believes it is important to do the polling, but questioned if the polling could be done in-house. He suggested that there are good

statisticians in both Colleges' Math Departments that could design a valid survey. He also raised the question of the chances of this passing, noting that with the State's economy, he is not hopeful.

Trustee Cedillo expressed that we need to poll, but expressed concern for what is already on the ballot. However, he expressed that "we need to know where we are."

Trustee Gelles expressed that he wants to poll and wants a professional organization to do the polling. He expressed that we are already expending staff more than they can in many areas. He also voiced that "he is against it, but will vote for it."

Trustee Gin expressed that he is in favor of polling with a professional organization. He expressed that he also agreed with Mr. Kingston's suggestion of the November election. He also expressed that it is all in how it is marketed and promoted. He also indicated that there may be some issues in it passing, but we need to "test the waters."

Trustee Dvorsky also expressed that she is in favor of polling, noting that "we have to do this in order to know where we stand with the public."

Mr. Kingston reported that the Board will be presented with a recommendation to award a contract at its next meeting.

MANAGEMENT PERSONNEL

Motion No. 1

Trustee Gelles made a motion, seconded by Trustee Cedillo, to approve the Management Personnel as corrected (with the deletion of the Interim Employment assignment of Kimberly Tomlinson).

Trustee Gelles reported that he tabled the Management Personnel at the last Board Meeting but expressed that he had no problems with specific individuals. He raised the question of why some Administrators were getting one-year contracts vs. two-year contracts. In response, Chancellor Kinnamon reported that supervisors and/or the College Presidents make that recommendation. In addition, certain positions in Contract Education and grant-funded positions typically get one-year contracts.

Motion carried unanimously, 6-0.

ADJOURNMENT

On motion made and seconded, the Study Meeting was adjourned at 8:05 p.m.

NEXT MEETING

The next Meeting of the Board of Trustees is scheduled for March 20, 2012.

Minutes prepared by:

Beverly Bailey

Secretary, Board of Trustees
Chabot-Las Positas Community College District