

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
114 S. Del Rosa Drive, San Bernardino, California 92408

Minutes of the Regular Meeting of the Board of Trustees
Thursday, January, January 21, 2010 – 4:00 p.m. – Assembly Room

1. CALL TO ORDER - PLEDGE OF ALLEGIANCE

Mr. Ramos called the meeting to order at 4:10 p.m.

Members Present:

James C. Ramos, President
Carleton W. Lockwood, Jr., Vice President
Dr. Donald L. Singer, Clerk
John M. Futch
John Longville
Dr. Charles S. Terrell, Jr.
Jess C. Vizcaino, Jr.

Members Absent:

Kaylee Hrisoulas, Student Trustee, CHC
Jason Buckner, Student Trustee, SBVC

Administrators Present:

Bruce Baron, Acting Chancellor
Dr. Debra Daniels, President, SBVC
Gloria M. Harrison, President, CHC
Larry Cicalone, President, KVCR
Renee Brunelle, Vice Chancellor Human Resources

Administrators Absent:

None

Pledge of Allegiance

Dr. Singer led the Pledge of Allegiance.

2. ANNOUNCEMENT OF CLOSED SESSION ITEMS

CONFERENCE WITH LABOR NEGOTIATORS

Government Code 54957.6

Agency Negotiators: Renee Brunelle and Bruce Baron

CTA

CSEA

Management/Supervisors

Confidentials

CONFERENCE WITH LEGAL COUNSEL

ANTICIPATED LITIGATION

Government Code 54956.9(b)

Number of Potential Cases: 2

3. PUBLIC COMMENT ON CLOSED SESSION AGENDA ITEMS

None.

4. CONVENE CLOSED SESSION

The Board convened to closed session at 4:12 p.m.

5. RECONVENE PUBLIC MEETING

Mr. Ramos reconvened the public meeting at 5:00 p.m.

6. REPORT OF ACTION IN CLOSED SESSION

None.

7. STUDY SESSION

Mr. Baron presented the following budget information:

Information and Discussion about the District Budget

The quick snapshots of the last four years of the budget indicated the following:

- We had huge transfers to other funds. The amounts of the transfers fluctuated from year to year.
- Most of our funding comes from the state and very little money comes from the federal government in the unrestricted accounts.
- Local income comes from property taxes and student fees primarily.

- The rising cost of employee benefits is another issue we are dealing with.
- We received \$600,000 from the state because SBVC reached 10,000 FTES in 2008-2009.
- 2008-2009 was the last year we had growth funding for new students.
- Capital outlay money has dropped dramatically as the budget has decreased.
- Because of the large amount of additional state revenue in 2008-2009, we had a surplus in the budget that was put in the fund balance.

2009-2010 District Budget

In 2009-2010, the state budget cuts really hit us hard. We lost about \$3 million in state revenue. Benefit costs escalated, and we have been dealing with almost a \$3.8 million budget shortfall this year. We balanced this budget deficit by abolishing positions, freezing hiring, eliminating first summer session, and other items for a total of \$3.8 million. We also took equipment money from the general fund and transferred it to the capital asset fund. We still need to identify approximately \$62,000. Currently in the unrestricted general fund there is a fund balance of \$17 million. The state mandates 5% and the state-wide average is about 13.4%, which equates to about \$10 million for SBCCD. These funds are for emergency use, and Mr. Baron said he would not recommend we allow our emergency fund to drop below the statewide average of 13.4% because we would experience significant cash flow problems due to the state deferrals in paying our apportionment. The District is paid by the number of students. FTES are made up from full-time and part-time students. We are projecting 15,751 FTES, and the state will only fund 13,780 students. We are funding 1,971 FTES from our own funds, the cost of which is about \$9 million. Mr. Baron stated we want to be there for the community even with our budget cuts. He said we basically have the same number of sections as we had 5 years ago, but the FTES per class section has increased over the last few years at both colleges. Weekly student contact hours (WSCH) per faculty member is 540 – the goal is 525. We are currently serving 25% more students today than five years ago with 14% less funding by the state. We are serving more students by increasing the average class size.

State Budget Update and Its Impact on the District

There is a state budget shortfall of almost \$20 million over 2009-2010 and 2010-2011. The governor made a commitment to education this year, which means that no mid-year cuts will be recommended. For next year, the governor suggested a growth in enrollment of 2.2% which means about 300 FTES for this district and about \$1.3 million in funding. This district receives \$4,500 per FTES. Our tax base is getting smaller due to the property tax shortfall. There will be no increase in categorical funding, and the available flexibility may or may not help us. Further deferrals in getting our cash are an issue. A state reduction of \$10 million in EOP&S funds equates to about a \$124,000 loss for this district, and the state reduction of \$10 million in part-time faculty allocation amounts to a cut of

about \$119,000 for this district. The governor is also recommending no fee increase for students and also the suspension of CalGrants.

Assumptions for 2010-2011

Chancellor's Cabinet has discussed setting an FTES target at 14,300. If we get the \$1.3 million for the extra 300 funding FTES, then our funding level will be about 14,000. The state will not fund any students over 14,000. It is important that we keep SBVC above 10,000 students. It is also important we be fair and equitable to be sure CHC is serving its communities, also. It is important that we get more funding into the instructional budget to be sure we can fund the appropriate number of students.

Where We Are Going

Mr. Baron said he will recommend the savings this year continue next year. If we get the 2.2% growth funds, those funds could be used to offset some additional reductions anticipated in the governor's budget. We have to offset the COLA that was taken away from us and the EOP&S reduction and the part-time faculty reduction if we get the growth money. Mr. Baron also recommended that we give the colleges back 100% of their non-salary funding so they can continue to serve students by providing instructional materials and supplies. His recommendation is that part of the savings from the current SERP be used to continue to fund the categorical programs. This year the district committed \$800,000 of general funds to keep the categorical programs in tact. The funding necessary to do the same thing in 2010-2011 is \$1.1 million due to the loss of \$300,000 in one-time federal backfill funding. Savings from the SERP is projected at \$2.4 million, and \$1.1 million will be used to support the categorical programs at this year's level next year.

Another consideration is the continual rise in costs for employee benefits. The Acting Chancellor is projecting we will need another \$300,000 for benefits. The district is also planning to fund step and column increases in the amount of \$550,000. There are some short-term needs for increased energy costs of about \$150,000. In the long-term our new Measure M projects will all be highly energy efficient and LEED certified. We will realize significant energy savings when those projects are completed.

Mr. Baron reported the district spent \$70 per FTES for supplies in 2008-2009, which is a very low cost. Costs are rising, and we have an increase in students. If the SERP is successful, he said he would like to recommend that another \$100,000 be put toward instructional materials at the colleges. We also need to establish \$200,000 to integrate planning and budgeting by funding high priority Program Review recommendations. Mr. Baron plans to recommend we set up a program review priority fund so people are motivated to plan and evaluate. This plan rests on us having a successful SERP which means we have to manage the SERP carefully. This plan is based on a full implementation of the SERP.

Other Issues

- We have to maintain the 50% law.
- We need to respect the full-time to part-time faculty balance.
- We need to honor bargaining agreements.
- We need to continue to think how we can increase our services to the community with noncredit and workforce development programs.
- We need to build on partnerships.
- We need to complete our work on accreditation.
- We are working on a new budget allocation model and working on a multi-year budget strategy.

Summary

If the final budget is no worse than the governor's recommended budget, if the SERP yields results as planned and we can use those savings and roll them over to 2010, then we can avoid layoffs, maintain services, restore supply budgets, fund our contractual step and column increases, and keep up with rising utility costs.

We will know by March 9 how many people are taking the SERP. The Board will receive another update at that time. Mr. Baron recommended that we do not send March 15 notices this year and that we use reserve funds for the first year and then take time to thoughtfully plan for 2010-2011. If the economy does not turn around and the budget does not receive support from the state, we will have no choice but to do layoffs.

Dr. Singer thanked Mr. Baron for his thoughtful and comprehensive presentation and also applauded the presidents and their faculty and staff. He stated that the idea of productivity is very important where we can increase revenue without increasing costs and providing a program review priority fund is an excellent idea.

Mr. Vizcaino commented that since we are serving more students with less funding that people might argue that we could have done it before but never did. He added that we have been under funded for quite some time, and we have become more efficient by necessity and excelling in increased efficiency.

Mr. Longville stated it makes a difference when a class is carrying more students as opposed to a smaller group of students. The quality of education is not as good, there is not as much personal attention because individual time is limited, and it forces some compromises. That is one of the reasons why we are able to serve more students with less money. It does diminish the class somewhat. We have dropped some sections and classes which were nice things to have, and we are carrying more of those that we absolutely have to have.

Dr. Terrell stressed that we need to be careful how efficient and thrifty we are today because we don't want to give the impression that there is more money to take.

Mr. Lockwood said he appreciated Mr. Baron's presentation, but he is still concerned about the next couple of years and how the SERP is going to help us. Mr. Baron explained the SERP savings is a permanent savings and will increase after the fifth year when the payment to the retirees is completed, and we can do permanent budget adjustments with that savings. The Acting Chancellor emphasized we will keep working on our plans. The truth of the matter is we have a reserve fund, and we have a general fund budget. If the budget gets really bad and if the SERP does not materialize, we can look at a combination of things to solve the problem.

Mr. Futch said other colleges are beginning to prepare for the future influx of veterans and thought we should also have a plan for that. Mr. Baron said our plan is Measure M, and we need to go "full steam" ahead and get our new resources and facilities moving.

Dr. Terrell suggested the college presidents begin to identify "our absolute core curriculum, with the understanding that we not be above what we are funded for which means less faculty, less supplies, less equipment and will significantly reduce what the community college are known for." He added that there are some programs that cost less than others.

Dr. Singer agreed with Dr. Terrell except to say that nursing, for example, is a very important program and it is important to the students and the community. "I would hope we want to keep that recognizing that is one of the most costly programs we have."

Mr. Ramos congratulated Mr. Baron on a fine presentation. He stated that even with a build-up of reserves, we can't afford to keep "eating" at the reserves to solve problems.

Mr. Baron concluded the presentation by saying he appreciated the trustees' input and comments.

8. ADJOURN

Mr. Ramos adjourned the meeting at 6:00 p.m.

Donald L. Singer, Clerk
San Bernardino Community College District