

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

**MINUTES
September 6, 2011**

PLACE

Chabot-Las Positas Community College District, Chabot College, 25555 Hesperian Boulevard, Hayward, California.

CALL TO ORDER

The meeting was called to order at 6:30 p.m. by Board President Mertes. Recording Secretary Beverly Bailey called the roll. Trustees Gelles and Vecchiarelli were absent at the time of roll.

ATTENDANCE

Members Present: Trustee Arnulfo Cedillo
Trustee Isobel F. Dvorsky
Trustee Hal G. Gin
Trustee Barbara F. Mertes
Trustee Marshall Mitzman
Trustee Carlo Vecchiarelli (arrived 6:32 p.m.)

Members Absent: Trustee Donald L. "Dobie" Gelles (excused)

Recording Secretary: Ms. Beverly Bailey

Managers Present: Dr. Joel L. Kinnamon, Chancellor
Dr. Celia Barberena, President, Chabot College
Dr. Kevin Walthers, President, Las Positas College
Mr. James Andrews
Mr. Jeff Baker
Mr. Wyman Fong
Dr. MaryAnne Gularte
Dr. Howard Irvin
Mr. Jeffrey Kingston
Mr. Lorenzo Legaspi
Ms. Jeannine Methe

Others Present:

Ms. Jennifer Adams, Las Positas College
Ms. Sylvia Cabrera, Congreso Familiar
Ms. Rosary Cordova-Lane, Chabot College Spectator
Mr. Gregory Correa, S.E.I.U., Local 1021
Mr. Michael D'Aloisio, Chabot College
Mr. Dave Fouquet, Chabot-Las Positas Faculty Association
Mr. Takeo Hiraki, Student Trustee Elect, Las Positas College
Ms. Kathy Kelley, President, Chabot College Academic
Senate
Ms. Nkechi Okpara, Student Trustee Elect, Chabot College
Ms. Rocio Smith, Congreso Familiar
Mr. Todd Steffan, President, Las Positas College Classified
Senate
Ms. Sarah Thompson, President, Las Positas College
Academic Senate
Ms. Rachel Ugale, District Services
Ms. Caitlyn Uribe, Chabot College, Students for Social Justice
Mr. Kip Waldo, Chabot College Faculty Emeritus
Ms. Yvonne Wu-Craig, President, Chabot College Classified
Senate

PLEDGE TO FLAG

Mr. Todd Steffan led the pledge to the flag.

PUBLIC COMMENTS

Ms. Rocio Smith, Congreso Familiar, expressed her gratitude to the Board for the support and sponsorship of Chabot College in hosting a day-long conference which is directed to Spanish speaking parents of special needs children. She reported that over 730 participants attended, approximately 200 in child care, and approximately 900 lunches were served. She presented a framed certificate of appreciation and provided copies of the conference program. She expressed that she looks forward to continuing the partnership with the College.

Mr. Gregory Correa expressed to the Board that the Classified Staff are unhappy with the status of negotiations. He also reported that students are unhappy as well. He cited a few of the reasons for the unhappiness - no Chabot College Foundation, no Chabot College Web Master, layoffs and classes being cut. He expressed that the Classified Staff are looking for leadership from the District Office. He noted that at the next Board Meeting it won't be just him speaking, it will be many.

Mr. Kip Waldo, Chabot College Faculty Emeritus, expressed that it is clear that the financial crisis is far from over. He expressed that the real crisis of the budget deficit is that no one seems to know what is “coming down” and there appears to be no plan. He noted that with no plan, he fears that the District may start cutting at the roots.

Mr. Michael D’Aloisio, Chabot College Counselor/Instructor, reported that students are extremely scared and have been asking him about the budget, bookstore privatization and book fees, classes and class fees, etc. He expressed that it is his hope to obtain more detailed information regarding the budget which he can share with his students. He also expressed the need for having District representatives speak to the students regarding budget matters.

Ms. Caitlyn Uribe, Chabot College Students for Social Justice, reported that the students had a unanimous vote to invite Board Members to hear their concerns regarding budget cuts and to speak to the plan for spending money this year. She noted that the Students for Social Justice meet at College Hour, Tuesdays and Thursdays, 12:00 Noon – 1:00 p.m. She also invited Board Members to the San Francisco Mime Troupe on September 21 at Chabot College.

PRESENTATION: 2011-12 BUDGETS – GENERAL FUND, CAFETERIA FUND, CHILD DEVELOPMENT FUND, CAPITAL PROJECTS FUND, SELF-INSURANCE (RUMBL) FUND AND MEASURE B FUND

Mr. Legaspi presented the “Working” Adoption Budget. He reported that the District will adopt a balanced budget in two weeks, including maintaining the required 5% reserve. He reported that this is the most difficult financial time this District has gone through. The PowerPoint presentation included:

- State Budget: As it Relates to California Community Colleges and Chabot-Las Positas Community College District;
- District Structural Deficit;
- Identified Solutions to Deficit;
- District Enrollment;
- Budget Summary
 - General Fund
 - Other District Funds: Cafeteria Fund, Child Development Fund, Self-Insurance Fund (RUMBL), Measure B Fund, Capital Outlay Projects Fund, and Property Sale Fund (Nike Fund).

Mr. Legaspi reported that the Department of Finance will certify in January (Spring Semester) whether the additional \$4 billion projection of new revenues is accurate. He reported that there will be “trigger” cuts, in three tiers, based on how much of the additional \$4 billion comes in. He reported that the District is assuming Tier 2, or that less than \$2 billion will materialize. He reported that Tier 2 reduces the District’s apportionment by

\$5,922,000 (6.9% of the District's budget). In addition, the shortfall in fee increase reduces the apportionment by \$459,070, for a total apportionment reduction of \$6,381,070. He reported that workload reduction is assumed in this scenario, and classes will be cut.

Mr. Legaspi reviewed the General Fund (Unrestricted) as follows:

• Total Revenues	\$89,251,483
• Total Expenditures	92,814,692
• Decrease in Fund Balance	(3,563,209)
• Beginning Balance	5,682,032
• Ending Balance	\$ 2,118,823
• Required 5% Reserve	\$ 4,608,664
• Ending Balance	2,118,823
• Shortfall to Meet Minimum 5% Reserve	\$ 2,489,841

Mr. Legaspi reported that the District's structural deficit is projected at \$12,623,960. He stressed that the District needs to address the structural deficit now.

Mr. Legaspi reviewed the District Enrollment - Full-Time Equivalent Student (FTES) for the past 5 years. He projected the State Funded Total for 2011-12 will be 15,331, and the estimated actual in the amount of 17,215 (a difference of 1,884).

Mr. Legaspi reviewed the District's mandatory obligations which total \$3,348,257. He reported that 26% of the District's Budget is spent on employee benefits.

Mr. Legaspi reported that the District has identified solutions to the budget deficit in the amount of \$9,265,148, which he reviewed.

In regards to the identified solutions to the budget deficit, Trustee Vecchiarelli questioned transferring Information Technology Expenditures to Measure B Interest Earnings. Mr. Legaspi responded that when Measure B was passed by the voters in 2004 under Proposition 39, the District listed expenditures from the proceeds and technology was included. He reported that at that time some items were not funded, including technology; and it was only when we had the opportunity to earn interest that we were able to reconsider those expenditures. He reported that with the help of Ms. Jeannine Methe, we identified expenses that fit into the Measure B resolution language. He reported that the Bond Counsel has approved these expenditures.

Trustee Vecchiarelli noted that he is pleased to see the Dublin Center is generating revenue income. He questioned the possibility of selling or renting the District Office. In response, Mr. Legaspi reported that the District purchased the District Office a few years ago and the

current real estate market is not what it was then. He reported that the potential for leasing the District Office space would be a great opportunity for the District.

In regards to the Executive and Administrator Concessions listed in the Identified Solutions to the Budget Deficit, Trustee Vecchiarelli questioned the actual savings for furlough days, suspension of step and column increases, and cap on benefits.

In addition, Trustee Vecchiarelli questioned if the Executive salary increases the Board recently approved are included in the budget. Mr. Legaspi reported that there are no salary increases in the budget this year; any increases were part of the budget prior to July 1, 2011.

Dr. Gularte reviewed the Executive and Administrator Concessions as follows:

- Five unpaid furlough days for 2011-12;
- Cap benefits at the 2009-10 levels;
- Suspend Step and Column increases, including suspending the 3% increase for Executive Administrators.

Dr. Gularte reported that the Board authorized the number of vacation days Administrators can accrue to off-set the five furlough days. Additional vacation days were not granted.

Trustee Cedillo stressed that it is important to note that the District negotiations for contracts was approved in Closed Session but announced in Open Session. He also stressed that this District has done everything it can to work with all groups and the community regarding the budget deficit and reductions. At this point in time there is not a lot of “wiggle” room as far as the budget is concerned, noting that the financial crisis is affecting everyone. He stressed that “we are very fortunate to be where we are.” He also stressed the importance that we don’t fall below the required 5% reserve.

Trustee Vecchiarelli explained that years ago, prior to Proposition 13, the District was able to set the property tax rate. He also reported that the State is not doing its job in sending money to local principalities and schools. He also voiced that construction of new buildings is taking funds from other funds.

Mr. Gregory Correa opined that in a recent newspaper article of Districts’ Administrator Salaries, this District’s Executive Salaries were not included, noting that he would like to see that information. He also stressed that there is a huge difference in 2% of a Classified Staff’s income compared to the income of Administrators.

Trustee Cedillo noted that in a recent newspaper article, this District received an A+ grade for providing information to newspapers. In addition, Chancellor Kinnamon reported that

the District regularly gets requests for salaries and it responds appropriately. He noted that this District's Administrator salaries compare low to other Districts.

Mr. Kip Waldo questioned the function and structure of the District Office. He questioned the possibility of leasing out the District Office and moving staff to the campuses. He also questioned the reduction in students, and how those decisions are made.

Chancellor Kinnamon reported that the District Enrollment Management Committee, which consists of representatives from both colleges and the District Office, is charged with working with the Colleges' Enrollment Management Committees to create enrollment targets. He reported that thorough minutes of that committee are posted on the web.

Mr. David Fouquet expressed that he does not believe the student numbers will be as low as Mr. Legaspi's projections, noting that faculty are taking extra students and FTES will be over Cap.

Mr. Fouquet also questioned unfunded critical needs, to which Chancellor Kinnamon responded that the District has been "plugging" holes with one-time monies for some time. He noted that the ending balances over the past three years have had a sharp decline. He reported that from last year's to this year's revenue, we are looking at a \$10-\$11 million shift. The District has identified \$9 million with solutions; however, it is still a large deficit.

Mr. Fouquet reported that the Community College League Tier 2 cuts for 2010-11 for the District would be 1,501 FTES, and therefore, our target should be 15,914 rather than 15,331. Mr. Legaspi reported that increasing our target to 15,914 would exacerbate our structural deficit. He noted that we will exceed the 15,914.

At this point, Mr. Legaspi continued his PowerPoint Presentation by reviewing the District's other Funds.

Mr. Legaspi reported that the District's RUMBL Fund expenditures is \$4,855,797 for 2011-12 and projects that in three to five years, it will be at \$8 million. He reported that the District has put aside \$3 million to date. He reported that the Actuarial Study estimates the District's unfunded liability at \$118 million; and reported that he will be coming to the Board in another month to update the amount of the unfunded liability at over \$135 million.

Mr. Legaspi reported that the District is approximately 90% committed in its Measure B Funds.

In closing, Mr. Legaspi stressed that we did not do this to ourselves and that it will take everyone's cooperation to get through this difficult economic time.

Trustees expressed appreciation to Mr. Legaspi for his presentation.

Trustee Cedillo noted that he would agree that this is not where we would like to be, however, we don't have a choice. He also expressed that this District is better off than many Districts due to its conscientiousness. He also stressed that this is not the time to beat up on each other, but a time to continue to work together.

Trustee Dvorsky expressed that this District has always been frugal and stressed the importance of working together.

Ms. Kathy Kelley expressed from the Faculty perspective, that the Faculty have done an outstanding job of working collegially. She stressed that Faculty are taking extra students in their classes at no additional pay. She also noted that Faculty actively participate in DBSG and DEMC, and when the idea of revising the Allocation Model came up, they were told that they are a consultative body, and not a decision-making body. She also expressed concern that the interest on Measure B money is not being spent on construction and noted that Chabot is concerned about the number of projects not being done. Further, she noted that the problems with the Child Development Fund as presented in the Budget is that it is not a commercial enterprise but an instructional facility. She stressed that no other lab and clinic is required to make its own expenses. She noted that without the Child Care lab, students could not earn their Certificates. She also expressed concern that the College is unable to offer an evening lab.

In regards to the Self-Insurance Fund, Trustee Mitzman questioned if we want to continue on this path or look at other alternatives. Mr. Legaspi reported that there are many ways to address the unfunded liability, as follows:

1. Fund it as you go;
2. Set aside an additional amount (ideal), similar to the PERS and STRS set aside. Should be setting aside a percentage for benefits.
3. Issuing OPEC Bonds (Post Employment Bonds).
4. In good times, any unrestricted one-time monies or ending balances should be set aside.

Trustee Vecchiarelli recognized the fine job Mr. Legaspi has done with the District's finances. He voiced that the District has had the same broker for all our health insurance and feels that perhaps we should go out to bid. He voiced that 6% to administer the SERP was excessively high. Trustee Vecchiarelli also voiced that the State has not done its job funding schools, and the solution needs to come from the State.

Trustee Gin expressed that every District and every City is having a difficult time. He expressed that it is not a "win-win" situation. He reported that the Board will be making decisions based on what is best for the District. He encouraged that everyone continue to work together with trust and respect.

Ms. Yvonne Wu-Craig expressed that Classified Staff feel they have already sacrificed a lot with the recent layoffs. She also noted that 2%-3% of a Classified Staff's salary is felt more than the same percentage of the salary of Faculty or Administrators.

Trustee Vecchiarelli expressed appreciation to the Classified Staff.

Trustee Mertes stressed that the District has a tremendous responsibility to the students, and they are our first priority.

ADJOURNMENT

Board President Mertes adjourned the Study Meeting at 8:00 p.m.

NEXT MEETING

The next Meeting of the Board of Trustees is scheduled for September 20, 2011.

Minutes prepared by:

Beverly Bailey

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