SANTA BARBARA CITY COLLEGE
COLLEGE PLANNING COUNCIL
February 25, 2003
3:00 – 4:30 PM
Room A218C

MINUTES

PRESENT: J. Romo, J. Friedlander, S. Ehrlich, B. Fahnestock, L. Fairly, B. Hamre, A. Serban, K. McLellan, G. Carroll, E. Frankel, T. Garey, L. Auchincloss and J. Jackson

GUEST: Leslie Griffin

1.0 Call to Order

1.1 Approval of the minutes of January 21st and January 28th CPC meetings.

M/S/C [Rose/Frankel] to approve the minutes of the January 21st and January 28th meetings. Lynda Fairly abstained on the vote for the January 28th meeting.

1.2 Announcements

Due to illness, John Romo did not attend the meeting.

2.0 Information Items

2.1 Update on college's funded FTES for 2001-2002 and its implications for 2002-2003.

Andreea Serban told the council that we were just notified of the college's final funded FTES allocation for 2001-2002. We have been fully funded for all FTES, most it from general apportionment which becomes part of the base for the next year. The remainder was funded from Basic Skills. This means that the college not only achieved its FTES cap for 2001-02 but was also able to capture all of the basic skills dollars it was eligible to receive. The P1 report for 2002-2003, which was submitted on January 15th, is an estimate of the annual FTES that we think we will achieve. We will then submit a second estimate, P2, on April 15th and then an annual report on July 15th. Any recalculation of the FTES would need to be submitted by November 1st. The Chancellor's Office does produce an annual apportionment based on that P1 report which is also an estimate. The good news is that we will be fully funded for our FTES for 2001-2002.

Dr. Friedlander reported that the State Senate approved just over $3 billion in mid-year budget cuts, $2.4-2.6 billion of which were to be taken from the K-14 budgets. Tom Garey questioned that if we are fully funded for our FTES for this year and then there is a mid-year budget adjustment, do we still need to make that FTES figure to receive the reduced level of funding to which we are entitled. Bill Hamre indicated that there are ways to apply reductions to the apportionment. It is based on a general deficit that is applied after they fund the base, cost of living and growth. At the end of the process, they will fund a certain amount on the dollar. If the budget cuts are applied that way then we have to achieve all the funded FTES we are eligible to receive to maximize the college's revenue. Unfortunately, the amount of money the college would receive for growth and Basic Skills FTES would be at a reduced level of funding.

Dr. Friedlander made the point that if we knew the mid-year budget cuts, we would be able to make an informed decision on the degree to which Lynda Fairly should adjust the size of the spring quarter non-credit offerings to come as close as possible to capturing all the funded FTES the District is expected to receive. Vice President Fairly would then have to expend money to expand her spring quarter or, if the college is likely to exceed its funded FTES cap, she could reduce the number and/or length of her offerings as a means of saving money. We will keep the Council informed on the status of the college's achieving its funded FTES for this year.

2.2 Update on spring 2003 enrollments

Andreea reported that the college is on target to achieve its funded base apportionment growth FTES for this year but not the funded Basic Skills FTES for which it is eligible to receive. Dr. Friedlander stated that although he was not optimistic that the Credit program would be able to generate additional FTES this year to capture much, if any, of the Basic Skills FTES, he would work with the deans to give it the old "college try." He volunteered to report on the success of the Educational Programs' faculty and staff efforts to generate additional FTES for this year.

2.3 Update on state budget

Dr. Friedlander reported that two weeks ago, Elizabeth Hill, an independent Legislative analyst, came out with her critique of Governor Davis budget for 2003-04. What is significant is that she is recommending the per-unit fee be increased to $26. Her rationale is that for decades the California community college system has been at odds with the Federal government's formula for determining the amount of the Pell Grant students are eligible to receive. A factor in determining the amount one receives is based on tuition. Because of our historically low per-unit fee, California community college students do not qualify for full funding ($4,050). She determined that if the fee were raised to $26, students could be eligible for an additional $108 in Pell Grant funding. She stated that students in need of additional financial assistance to pay for the increase in the per unit fee would be eligible to receive financial aid from such sources as BOGs, Cal Grants, Pell Grants and other grant and loan programs. Second, she argued that even at $26 per unit, if one compares California to the least expensive community college system in terms of fees, there is a huge gap. Third, she rationalized that the more students pay, the more value they would assign to their education.

In addition, Ms. Hill agreed with Governor Davis that categorical funded programs (EOPS, DSPS, Matriculation, CalWORKS) should be reduced but offered no rationale for this recommendation. For PFE, she said that we should soon have the most recent data from the Chancellor's Office on how community colleges have performed on the performance measures. The results of this analysis should be used to determine whether or not the funding for PFE should be maintained or reduced.

Governor Davis' proposed budget for community colleges calls for an 8.5% reduction in funded FTES. However, included in his budget proposal are funds to pay for a 3% increase in funded FTES if the growth took place in yet to be defined core academic and vocational program areas. In essence, if colleges were able to achieve the 3% growth, the Governor's proposed reduction in funded FTES for next year would be 5.5%. Elizabeth Hill recommended that the funded growth rate for community colleges be reduced by 6.5%. However, as with the Governor's proposal, she included funds to pay for 3% growth in targeted courses. So, in essence, she recommended a reduction of 3.5% in the funds available to support FTES.

Brian indicated that Elizabeth Hill confirmed the projected state budget deficit to be in the range of $35 billion over the next 17 months. Ms. Hill is also calling for major new legislation to severely restrict the dual enrollment program that community colleges are offering for students in high schools to receive credit in both high school and college classes. Her proposal would limit the state support for dual enrollment courses to those that: (1) are not part of the high school curriculum; (2) are offered outside of the high school day; and (3) are not personal development, career, physical education or activities courses. Dr. Friedlander said that if approved her recommendation to not allow personal development courses to be included would result in a substantial loss of FTES to the college in that the career planning course is the largest one we offer as part of the dual enrollment program. In addition to these restrictions, Ms. Hill suggested establishing a cap, to be defined, on a percentage of FTES any one college could claim that would be from dual enrollment courses. We currently have approximately 400 FTES in the dual enrollment program, which represents about 3.5% of the college's base FTES. We could be going into next year needing to generate additional enrollments to help offset this potential loss of funding for the college's dual enrollment courses.

Dr. Friedlander said it was discussed at the Deans Council that this summer may be the last time we can offer classes for $11 a unit so we are considering adding standby classes in areas where we feel there might be a demand. As soon as we know the room chart for fall, we are going to build a large 9-week semester starting the second half of the term. He is concerned that our enrollments might suffer in the fall due to the increase in the enrollment fee. Adding standby classes to the summer session and offering a good-sized number of late start courses in the fall semester are two strategies to help off-set the anticipated loss in FTES due to the increase in the enrollment fee and the possible changes in the types of dual enrollment courses that are eligible for state funding.

Tom Garey questioned the governor's logic of reducing the funding of FTES by 8.5% while at the same time allowing colleges to grow back 3% of their reduced funding. He asked how this funding mechanism would affect the college's FTES reimbursement rate and whether we would be asked to absorb a rate cut on top of an FTES cut? Bill Hamre said we have no idea of how the state is going to allocate the 3% growth funds to individual districts. There is some general language about core programs but we do not know what the Chancellor's Office is going to do about giving us our growth allocation out of that. Dr. Friedlander indicated that the question was a good one to ask.

Peter Haslund commented that if fees will be up to $26 a unit in the fall we should be planning now in terms of public outreach. This will be change of culture of the notion that a city college is practically free. Jack Friedlander indicated that Karen Sophiea, Director of Marketing, joined the Deans Council last week to brainstorm ideas to inform the public that even at $24 a unit, community colleges are still a bargain. Karen is also meeting with the cross-functional team on marketing and management that is chaired by Pablo Buckelew. She is developing campaign strategies to one, alert people on financial aid that is available and two, disseminate the message that we are a good deal at any price. We will also market that the last opportunity to take city college courses at the $11 per unit fee will be this summer. Karen is in the planning stages now and her recommendations will be shared with the Council.

2.4 College is eligible to apply for Title III & Title V federal grants

Dr. Friedlander told the Council that the college is eligible to apply for these 3-5 year multi-million dollar grants. Title III is based on the number of students who are on financial aid. Title V is designed for improving access to and success in higher education among the Hispanic population and is based on the percentage of Hispanic students attending a college who are receiving financial aid. The deadline to submit the application for the Title III grant is March 5th. Pablo Buckelew is reviewing the application and he and Dr. Friedlander will determine whether there is ample time to apply for the grant.

3.0 Discussion Items

3.1 Review of budget reduction assumptions for 2003-2004

Dr. Friedlander discussed each item of the budget reduction assumptions for 2003-2004 that was provided as an attachment to the agenda. In regard to item 5 regarding categorical programs, he indicated that they are core to what we do and they will be evaluated in the same manner as other programs of the college.

The following assumptions were discussed and the changes in the language for three of these budget assumptions are noted below.

SBCC Program Assumptions

6. For 03-04 and beyond, all college programs and services will undergo scrutiny to confirm program and cost effectiveness.

Dr. Friedlander said that all programs would undergo scrutiny to confirm program and cost effectiveness. Also taken into consideration will be programs that may not be cost effective [e.g., Nursing] but provide critical services. Lana asked what the process would be for the "scrutiny". Dr. Friedlander indicated that this has not been determined.

SBCC Budget Assumptions

3. Use of reserves on a short-term basis will be ~~given consideration~~ considered.

Staffing Assumptions

1. There will be an exemption from the Board of Governors for meeting the college's state-imposed ~~filling~~ full-time faculty ~~vacancies~~ obligation for 2003-2004.

Dr. Friedlander said that last year the Board of Governors approved the recommendation from the Chancellor to allow colleges to request an exception for meeting their AB 1725 full-time faculty obligation for new positions if they were able to demonstrate financial conditions that would result in serious financial consequences by adding the new required faculty positions resulting from growth. Later, they indicated that they would only hold community colleges responsible for 50% of their full-time faculty obligation from this year's growth as a result of not receiving additional state funding. From this year's growth, we have projected that we will need eight positions that obligate us to hire four new faculty positions for this year plus six new faculty positions from growth that occurred in 2001-2002. The college is asking for a waiver for meeting the full-time faculty obligation not just tied to this year's growth but going back in time because of the uncertainty in state funding for this year and next, the continued absence of COLA for PFE and the part-time faculty augmentation, and the dramatic rise in the expenses it will need to absorb in such areas as contributions to PERS, Workers' Compensation and other insurance premiums. The budget reductions that we have identified include the rather substantial savings from not filling 18 of the 26 full-time faculty positions required to meet the college's AB1725 full-time faculty obligation for fall 2003.

It is too late to have this item on the Board of Governor's March agenda so we will not know, at best, until their May meeting as to whether this waiver is going to be approved. This becomes a major assumption upon which we are basing our budget. Jack said the fine for not meeting this obligation is $60k for each faculty member for which there is an obligation to hire. Gary Carroll indicated it should be made clear to the college community that this is an exemption by the Board of Governors for meeting the college's full-time faculty obligation.

Of the 26 2003-04 new and replacement full-time faculty positions that were initially recommended to be filled, an appeals process conducted by the Academic Senate identified 8 of these positions as essential to fill by the start of the fall semester.

3. In regard to pursuing the option of a "golden handshake" as a means of saving money through encouraging early faculty and staff retirements, Sue Ehrlich indicated that the term is defined as giving one or more years of credit in STRS or PERS without work having been performed. For STRS members, at the current time, there is no legislation that our Board could take advantage of to make a determination that they would like to do this. The last time one was enacted by the Legislature was in 1996 or 1997 and our Board did not reserve a "window period" into the future during which it could be considered. For participants in PERS, it is more a function of the contract that our county schools has with the PERS at the state level. However, again, there is a series of requirements including a great deal of paperwork to demonstrate a certain level of aggregate savings. In terms of the timeline for this year, it is impossible to meet and it will not be considered. We would need to know what the budget is for 2003-2004 in order to accurately determine if offering a golden handshake or other retirement incentives would result in any savings.

State-wide Assumptions

In regard to relief for regulatory mandates in categorical programs, Keith McLellan asked if we should begin discussions on speculating what those might be and the impacts. Dr. Friedlander suggested that we monitor, and where appropriate, try to influence, the discussions on this budget and policy matter that are taking place at the Chancellor's Office and in the Chancellor's Office Consultation Council. Keith commented that there are different perspectives even on our own campus. For many of the categorical programs they will fight vigorously to not have relief at the categorical program level because that is what keeps them in business. From a higher- level viewpoint, some flexibility could allow us to deliver quality services without having to be controlled in how we do that. Tom Garey asked if we should be looking in general at some mechanism by which we could identify regulations from which we might want to seek relief and then strategize how we go about that. Jack said that is an important discussion to have if nothing else than to influence the discussion at the state level. He felt that CPC would be an appropriate group to have this discussion.

Gary Carroll inquired whether the college ever measured whether we recovered from the other similar downturns in

California's economy. Bill Hamre responded that no, we did not. In the institutional effectiveness report we showed the relative revenue per FTES over a long period of time and it indicates that we never recovered. In good times our COLAs are tied to indices of the costs of goods and services that are measures of the cost of doing business. Growth is funded at your average rate so you are not gaining anything for additional growth on an FTES basis.

The revised budget development assumptions will be electronically distributed to CPC and will be an action item at the next CPC meeting.

3.2 Proposed budget reductions for 2002-2003

Brian Fahnestock distributed the college-wide updated potential expenditure reductions for 2002-03. He indicated that these are the amounts of money we are reducing in the indicated areas. We will reduce the appropriations by $1,974,692. There were only minor adjustments to the potential expenditure reductions distributed at the previous CPC meeting. Educational Programs has also provided a list of cuts and impacts for its area. The recommended reductions to the college budget for 2002-2003 will now be taken to the Board for approval.

3.3 Appeal to hiring freeze and funding of eight faculty positions

The following faculty positions, through an appeal process conducted by the Academic Senate, will be funded with the start of the 2003-2004 academic year:

Certified Nursing Assistant
English Composition & Literature
Environmental Horticulture
Music (Concert/Jazz Band)
Physical Education/Athletics, Head Football Coach
Professional Development Studies
Radiographic & Imaging Sciences
Theatre Arts/Stage Director

3.4 First draft of 8% budget reduction simulation for 2003-2004

Brian Fahnestock provided an overview of an 8% reduction for 2003-04 that would enable the college to reduce its budget by approximately $5 million without layoffs or anything that fundamentally changes the college. In regard to the item "Use of Risk JPA Fund Balance" [cut of $750k], he indicated that the college belongs to an association where we pool risks for workers' compensation. For this particular insurance pool, there are two funds in which we participate. One is to fund retiree benefits until the retiree reaches 65 years. The other is a fund in which we invested to offset increased insurance costs. Brian said the college used to be self-insured and we belong to a JPA that currently buys insurance. We are currently funded at an adequate level so that if we need to return to being self-insured we would have the capital to do so.

Brian said what he is showing on the model is the savings from the budget that we established at the beginning of this fiscal year. That assumes that all positions in the district's salary model are fully funded. The savings reflected for 2003-04 for Educational Programs of $2,852,240 assumes that we will hire only eight of the 26 positions that are in the salary model.

4.0 Action Items

There were no action items.

5.0 Other Items

CPC agreed to meet on March 18^{th}.

6.0 Adjournment

Upon motion by Andrea Serban, the meeting was adjourned.

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