

GENERAL MEMBERSHIP MEETING MINUTES

December 12, 2012

(Approved by the Executive Council on January 30, 2013)

Executive Councilors present (noted by *):

*Julie Thompson, <i>presiding</i>	*Ted Crowell	*Andre LaRue	*Margaret Pennington
Paulette Bell	*Terry Ehret	*Sean Martin	*Audrey Spall
*Lara Branen-Ahumada	*Deirdre Frontczak	*Bud Metzger	*Mike Starkey
*Shawn Brumbaugh	*Brenda Flyswithhawks	*Terry Mulcaire	*Phyllis Usina
*Paula Burks	*Sharien Hinton	*Nikona Mulkovich	

Officers/Negotiators present: Will Baty, Lynn Harenberg-Miller, Jacqueline McGhee, Warren Ruud
Faculty members present: Abby Bogolmony, Beverly Henningsen, Samantha Lange,

Reneé Lo Pilato, Molly Matheson, Nancy Persons, Alicia Virtue

Staff members present: Judith Bernstein, Candy Shell

The meeting was called to order at 3:03 p.m. in Doyle Library, Room #4245, on the Santa Rosa campus and video-conferenced to Mahoney Library, Room #726, on the Petaluma campus.

MEMBER CONCERNS

Note: In order to allow sufficient time for the two scheduled presentations and question-and-answer sessions, Julie said that any discussion and follow-up on Member Concerns would be tabled for another time.

1. Software Policy. Mike Starkey reported that several adjunct faculty members in his department have asked for clarification about the District's software policy. What can be on a District computer? What can be on a personal computer?
2. AFA's Values Statement. Margaret Pennington asked about the values statement discussed at the November 28, 2012 Council meeting and the change in plans from drafting a resolution to drafting an *Update* article and scheduling a discussion at the spring retreat.
3. Nature of Member Concerns. Lara Branen-Ahumada requested clarification about the intended scope of this agenda item. Julie explained that over the past several semesters, this portion of the meeting has evolved into people making announcements. She is interested in bringing it back into the realm of AFA's purview—the Contract—and offering members an opportunity to articulate their concerns about contractual issues to the Council, before it moves on to the business of the agenda. Lara said that she had a member concern but was unclear about which forum would be appropriate.
4. Sequence of Discussions re: Negotiations. Brenda Flyswithhawks expressed appreciation to Warren Ruud for the negotiations update he presented to the Council at the November 28, 2012 meeting. She requested a reversal in the current sequence of steps in the negotiations process. Instead of the Negotiations Team and Cabinet discussing matters first and then bringing them to the Council for approval, Brenda asked that, first, the Council discusses what it would like AFA to negotiate and, then, the Council conveys its wishes to the Negotiations Team and the Cabinet.

PRESENTATIONS

1. "Understanding the District's Budget." AFA Negotiator, Budget Advisory Team Chair, and regular faculty librarian Will Baty presented a primer on how the District's budget works. (See http://www.santarosa.edu/afa/Misc/AFA_Budget_PP_11.12.12.pdf .) In addition to clarifying and expanding on the information included on each of the slides in the presentation, which was projected onscreen, Will made many comments. Among them were the following:
 - The District's budget represents the College's commitments most accurately. One can talk about mission and goals, but money is a key driver and indicator to College decision-making.
 - There is no huge pot of hidden money in the budget that will solve all the District's problems. The Administration has a job to do, and they're going to construct a narrative that fits with their perspective; however, there are alternative narratives to the one that Doug Roberts talks about in his budget presentations.
 - In the District's presentations, Doug Roberts generally focuses on the General Fund (Fund 10) and rightly so, but one needs to be aware of the other funds and how they interact and impact the General Fund. There are a number of funds, and many have a direct impact on the General Fund.
 - Fund 10 is the most important fund for general operations. Within the big fund categories, there are basically six sub-categories—1000 through 6000—that are defined by the State accounting practices
 - Capital outlay is one-time money—you don't necessarily get it the next year. All the others are ongoing.
 - By State law, the District has to submit an annual report (Form CCSF 311), which is the best example of what its budget looks like. If you are interested in seeing the budget encapsulated on one sheet, Form 311 is the best place to look. It shows the District's revenues, expenditures, reserves, and excess in a single snapshot.
 - The most recent CCSF 311 shows a \$6.2 million structural deficit in the budget. It (the structural budget deficit) is a fairly new phenomenon. SRJC has traditionally been a growth district and always received growth money, but we haven't grown since 2008. We're in a different pattern now.
 - When you look at General Fund 10, you can get a good snapshot of the budget and the cost of specific departments. For example, if you want to know how much the administration costs, you can find it on the CCSF 311 report. (Note: See <https://misweb.cccco.edu/FiscalPortal/reports.aspx> . Select a budget year, our District [Sonoma], the desired report, and then click "go.") For example, Academic Affairs costs were \$4.208 million in 2011-12. The cost just for Counseling (under Student Services) was \$4 million. If you want to know how much it costs to maintain a beautiful set of campuses, the cost for the grounds is shown. You can find out what the District is spending money on. The key problem is that the College is spending more than it's taking in. To understand the overall problem, you have to look at the funds to see which ones have a positive cash balance and which ones require additional funds (support) from the General Fund.
 - Reserves are a good thing. You have to have money for the downturns. The key is to look at each fund separately, rather than lumping them together. There are funds that are categorical and you can't spend them on anything other than those exact things, and then there are designated funds that the Board can change. Fund 10 (General Fund) is undesignated. What the Board designates can be undesignated by a Board vote.
 - Fund 40 is Capital Projects Funds. Many people are confused about this category. Capital Outlay (Fund 41) comes from the State, and these funds are viewed as one-time funds. They're to be used for buildings and equipment (like science labs), library books, media (gear-related), and facilities. The balance of funds from Measure A (Fund 42), which is

the bond that the voters approved, is down to \$18 million, and it started at \$250 million. The District has been on an aggressive building expansion to meet institutional and technology needs.

- If you look at the District's narrative, the focus is on State funding, but a look at other funds suggests that there are some choices. For example, the District regularly transfers money out of the Bookstore Fund because they generate profits in that fund. The other funds, unfortunately, do not show a positive fund balance and require transfers from the General Fund. If it's coming out of the General Fund, the fund for general operations and instruction gets smaller, and the lower amount is what we're negotiating over.
- Shone Farm annually requires new funds. At the end of 2011-12, it was \$275,000 in the red. That deficit had to be covered. The District was estimating a \$700,000 loss for that year. This is an ongoing problem. Do we value the Farm more than increasing access for students by adding more classes? The Farm is just one area that continues to require additional monies from the General Fund.
- The Child Development Program is running a steady negative balance, and monies have to be transferred out of the General Fund to cover the shortfalls. The State cut the funding and the District decided to make up the difference, costing the General Fund approximately \$476,000 in 2011-12.
- The Bookstore Fund (51) generates money. The District was able to transfer funds because they made money. The Bookstore is making money off of sales to the students. Should the District use the money to bring more classes onto the schedule? That's a policy question.
- There is a chart that shows every transfer over \$1,000 that occurred. Maybe the District should be transferring this money, but the College is not having a discussion about it and the priorities that are inherent in such actions. Where the District was generating money, they moved the money to Capital Outlay. Is remodeling the Bookstore more important than adding classes to the schedule?
- You can take these numbers and generate a narrative. Getting back to the General Fund, the thing that faculty traditionally focused on was the amount of reserves. The District had \$22 million in reserves at its highest point many years ago. You want as big a reserve as is fiscally prudent, because the State controls the overall budget, and the budget can go up and down. The deficit in 2011-12 was \$5.2 million, and the deficit is now at \$6.2 million. When you have a structural deficit, it's hard to get the numbers to go in the right direction. You either need an infusion of new money, or you need to control expenditures.
- Witness the transfers that the District is doing, which indicate that it is not controlling expenditures. Many districts, when faced with loss of funds, chose to reduce those programs. This district elected not to do that, but rather to take money out of the General Fund. That may be the right policy, but the results have led to an increase in our deficit.
- The "rainy day fund" is the reserves, and it has been "raining" since 2008. If a district fails to maintain 5 percent in reserves, the State puts that district on a watch list—like, for example, City College of San Francisco—and then the district could lose control of its budget. SRJC has never been anywhere close to this situation.
- What's wrong with this story? Doug Roberts will tell you, and he's right, that the State is "kicking the can down the road." California has been hooked on growth and the assumption has been "wait for new growth." Unfortunately, SRJC has also been kicking the can down the road. The District has chosen to control expenditures, primarily through schedule reductions and employee concessions. They've limited the number of offerings to students and jobs for adjuncts. They're making cuts, but are they the right cuts?

- Being fiscally conservative limits risk, but it also limits opportunities. Some Districts are getting money from Prop 30. Our district chose not to do that. Every district has a target number of FTES, and 19,049 FTES is our target. We didn't hit that target number of students—we cut too much. For the first time in memory SRJC is on stability funding. The State holds districts harmless for one year, and they have one year to make it up. For SRJC, that will be next year (2013-14). Next year we'll spend \$1.8 million to get us back up to the target number. The District will be adding classes in Fall 2013 and Spring 2014 to try and get back to our base FTES number. This is essential to keep our funding model in place.
- There are a lot of assumptions built into the budget. The District chose to backfill DSPS and EOPS—both of which are important programs—but the State cut the funding for these programs, and the District backfilled them to approximately \$600,000 a year. Many colleges chose to reduce their programs. There are a number of reasons why our District did not—some political, some to meet federal funding. In relation to categorical programs, the cuts to DSPS and other categorical programs could have been much worse. The District made a choice, but the cost for paying for these programs now comes partially out of the General Fund.
- There was discussion at the budget forum about moving into the Southwest Center. Why do we need it? Do we have rooms available here?
- AFA has asked the District for more information about utilities expenditures. The District spends millions a year for utilities, and there are many ways that it could save money in this area (for example, when people are on vacation and the College is shut down).
- There is no market appraisal of the District's assets. The District owns houses and property around the college. If they are assets and the District is not utilizing them, perhaps it's time to sell them. This may be a bad time to sell, but that \$6.2 million deficit is not getting any smaller.
- In terms of seeking out new sources of income, grants are one-time money and cannot be used to fund salaries. New funds sound good, but often require a district match, and they should not be seen as a long-term solution.
- A large number of colleges are not in the same predicament as SRJC, which has increased operational costs. Some colleges had more reserves than we did; some cut their categorical programs and reduced other programs. AFA is tracking any number of colleges that are giving raises, increasing course offerings, etc.

Q: Why will there be more money next year? How is AFA involved in making decisions?

WB: No significant new money will be coming to the District next year. The cost of PERS, benefits, and utilities are all increasing, and the District can't control those things. At the same time, the District is in expanded facilities and the cost of operations has increased. You have to look at what's sustainable. Salaries continue to decline, adjunct faculty load declines, and the contract faculty are no longer anywhere near Rank 10. A fundamental principle of how the District says it is going to balance the budget is employee concessions. If the faculty accepts that particular narrative, there is no other way than to go along with concessions. The faculty has accepted that narrative for the past four years, but the situation is not getting any better. Another option would be for the District to figure out what it wants to cut, bring its spending into alignment with revenues and accept that we can't be everything to everybody. Currently there exists no clear strategy for dealing with the structural deficit, except hoping that the State will give us more funding. Another possible suggestion is a parcel tax, but to date the Board has not been willing to put this before the voters for a vote.

Q: How is the deficit paid? Does the District borrow the money?

WB: The biggest cost reductions have been in the instructional schedule. The District is offsetting the deficit by making reductions in the number of courses in the schedule, and by faculty, classified staff, and managers taking pay cuts. Given that we are now on stability funding, we will need to spend money (\$1.8 million) just to stabilize our existing funding level.

Q: Is the \$1.5 million that the Bookstore generated last year consistent over time?

WB: Looking at five years of data, the SRJC Bookstore has consistently generated around \$1 million every year.

Q: Has Shone Farm been getting more profitable? Is there any room to make a mandate for profitability from the Farm like there is for the Culinary Program? Why can't we turn the Farm into a profit center?

WB: I'm not in a position to address the Farm's direction, but we could commit to making it revenue neutral with regard to the General Fund. We could change our culture to address these issues, but first we have to ask the right questions.

Q: Doug Roberts put out a survey asking for suggestions. Is everyone responding to that survey? What will the District do with the input?

WB: The District will consider every suggestion. There are political considerations. One has to recognize that there are different constituencies. Faculty should definitely make suggestions. Those suggestions will become part of the public record. Things that the District doesn't act on will tell you a lot. It's always easy to pick the lowest hanging fruit. Most of the District's budget expenditures are in people.

Q: How can faculty be proactive?

WB: AFA and its negotiating team have a role to play. The College and the Board make policy, and AFA has a role in that process as does the Academic Senate. Quite a few people were asking questions at the last budget forum, and it seemed well attended.

Q: How do we get the information out to more faculty? There is a link between teaching the faculty and the faculty sending input to the District.

WB: This can be tricky. What you don't want to do is push someone into a corner. It's an incremental process, and holding budget forums and sessions like this help to increase awareness of the problems that we all face.

Q: Is there any plan to be a growing college?

WB: Next year, the District is going to increase the schedules. It will grow back up to hit stability funding. There's no reason to grow unless the State is going to give you money. We can guess that the State isn't going to offer COLA, but we don't know about the actual amount of growth money. This affects all (community college) campuses, not just SRJC.

Q: Will we grow back to 19,000 and then be in a holding pattern?

WB: That could be. The economy has to grow. We are the stepchild in higher education—we don't have the pull of UC or CSU or K-12. We always get less (except under Schwarzenegger, who liked community colleges).

Warren Ruud: We're at a disadvantage because of demographics. Unlike Santa Clarita, we're not growing. We've got a graying population. In the old days, we could never get over 22,000 FTES. The model of chasing growth as a college is not a smart idea right now. We have to be sustainable.

WB: After sitting on the Negotiations Team for a semester, I can say that it's AFA that represents that particular perspective. Money from the State isn't forthcoming. We need to understand the budget issues and ask the right questions. Everyone wants the College to do well, but the narrative you use will determine the direction we take.

2. Annual Statewide Salary Study Comparison. (Note: In response to questions raised during Will Baty's presentation and the preference expressed by the audience, AFA Chief Negotiator Warren Ruud postponed his presentation on interest-based bargaining and, instead, focused his presentation on this year's salary study data. (Note: The results will be posted at http://www.santarosa.edu/afa/statewide_study.shtml .) He said that every year AFA conducts a comparison of statewide salary schedules as part of the Rank 10 methodology. The process involves collecting all 71 CCC salary schedules and then looking at the 68 non-basic-aid salaries in the highest-non-doctorate (HND) column at three different benchmarks—minimum, Step 16, and maximum. Warren projected onscreen a draft summary of the data that he has collected to date. Although the actual snapshot for negotiations purposes is taken on December 15, Warren said that nothing usually changes at this late stage in December. Typically in the good economic times, SRJC falls somewhere between Rank 15 and Rank 18, and then an adjustment brings us up to Rank 10, before COLA gets added on top of that. The SRJC faculty hasn't reached Rank 10 since 2008-09. Warren pointed out the list of colleges that increased their salary schedules last year, as well as the three colleges that decreased their schedules. Another chart showed the changes to the schedules that have occurred over the last five years. Some schools rearranged their salary schedules (for example, by eliminating the first four steps). At one of those colleges, the first step increased by 16 percent. Warren commented that, usually, there is an adjustment period over which that happens and the changes are brought in incrementally. In the current draft, the aggregate SRJC five-year salary adjustment is 70th of 71 in the State. SRJC has maintained a 3.25 percent salary cut over the past five years. The structural deficit is getting worse and worse every year, and the District is taking it out of the salaries of faculty, classified staff, and management. According to reports from the Chancellor's Office, SRJC average salaries are now 5.39 percent below the state mean. Warren explained that some of this decrease could be attributed to the fact that SRJC hired 21 new full-time faculty last year. (New hires come in at lower salaries.) Other schools may not have hired that many new positions. Warren said that the Negotiations Team presented this data to the District last Friday.

According to the District's audit ending June 30, 2012, the ending unrestricted fund balance in Fund 10 was \$12.2 million. (Will Baty pointed out that the District makes a distinction between that figure and the amount available because there are liabilities against that ending fund balance.) Warren clarified that the \$12.2 million is available and, while some portion of that is designated, the Board can change designations at any time. (For example, there may be \$2.5 million designated for classified vacations, but chances are that classified staff members are not going to take all their vacations this year, so the Board could un-designate a portion.)

Warren projected a chart onscreen that showed SRJC's budgeted and actual ending fund balances over the course of the past five years, noting that the budgeted amount has been quite a bit less than the actual amount with the exception of 2008-09 and 2009-10. He said that those years were unexpected takeaways. He commented that, just like when AFA prepares its budget and assumes the worst, that's also what the District does. SRJC was one of the few colleges that planned for Prop 30 not to pass. In some ways, that was prudent, but now the District is on "stability." The 1000 category in the budget is for educational salaries, including faculty salaries and educational administrators, and that total in 2011-12 was \$2.4 million. SRJC's total budget is roughly \$100 million. In 2007-08, educational salaries were at 49.8 percent of the budget. Warren said that the last quarterly "311" report showed \$15.4 million in reserves, and that that amount is still not out of line with a lot of the other districts'. He noted that, when comparing the graphs for educational salaries funding to the graphs for benefits funding for the District, you would see that while salaries are going down over time, benefits are going up, which would lead you to believe that the overall District benefits were covered by the decrease in faculty salaries.

Q: Why will SRJC not see any of the Prop 30 money?

WR: When Prop 30 was put on the ballot, the intent was to sustain the same level of funding as last year. If it didn't pass, that would trigger cuts. The state was willing to fund SRJC based on 19,046 FTES if Prop 30 passed. If it didn't pass, that number would go down to 17,800. Since the District aimed low, it didn't get funded for students it could have enrolled. There is another \$50 million out there in Prop 30 money, but it is hard to tell where that's going to go. SRJC is not going to grow. The District thinks that it will recoup that money by growing enough next year. The recouped amount would be about \$2.2 million, but that won't close the structural deficit.

Q: Wasn't most of the Prop 30 money deferral money anyway (money owed the District from years past with very little new monies)?

WR: Yes, but if Prop 30 hadn't passed, the state would have reduced funding.

Q: This spring will be an important time for negotiations about salaries and expenses.

WR: In closed session, the Council will have frank and robust discussions on how to proceed. The most telling chart (in the presentation) is the one that shows the trend over five years. There has been talk about structural changes. For example, the Senate has talked about program review and discontinuation. There haven't been a lot of structural changes due to new processes, but changes could get made, and not everyone will be happy. One of the reasons we're talking about this issue in December instead of in February is that it will be a big issue, and we want to get it on the table quickly.

Q: The \$6 million deficit would have become \$12 million if Prop 30 didn't pass. We didn't gain that much, but we didn't lose a lot.

WR: There may be some growth money. We usually fill about half of the \$6 million hole with Rank 10 concessions. If we keep where we were, we'd be filling in \$2 million.

Q: Is there any talk of monies coming back from redevelopment? There's a pot of money there.

WR: There might be something different for K-12, but everyone seems to think that that money is gone (for community colleges). SRJC got \$2.3 million this year from redevelopment.

Q: What you've shown us reflects academic salaries. Does anyone have a comparable chart for administrator's salaries?

WR: Administrative salaries are tied to faculty salaries. Administrators take the same cuts. One year, administrators took a little more, but generally they've been matching faculty salaries point for point.

The meeting was adjourned at 4:20 p.m.

Minutes submitted by Judith Bernstein.