

**Santa Barbara City College**  
**College Planning Council**  
**Friday, March 18, 2011**  
**9:00 am – 12:00 pm**  
**A217**  
**Minutes**

**PRESENT:**

A. Serban (Chair), Superintendent/President;	J. Friedlander, Executive VP Ed Programs;
I. Alarcón, President, Academic Senate;	M. Guillen, Classified Staff Representative;
O. Arellano, VP, Continuing Education;	K. Monda, Academic Senate Representative, Chair Planning and Resources Committee;
L. Auchincloss, President, CSEA;	D. Nevins, Academic Senate President-elect
P. Bishop, VP Information Technology;	J. Sullivan, VP Business Service
S. Ehrlich, VP HR &LA	
R. Else, Sr. Dir. Inst. Assessment, Research and Planning	

**ABSENT:**

T. Garey, Academic Senate Representative;	K. Neufeld, VP, Academic Senate Rep
R. Limon, President Student Senate;	C. Salazar, Classified Staff Representative

**GUESTS:**

C. Alsheimer, Instructors' Association;	J. Meyer, Biology Professor
M. Croninger, Board of Trustee Member;	K. O'Connor, Interim Director, PE;
L. Griffin, SBCC Controller	J. Schultz, Academic Senate Member
L. Macker, Board of Trustee Member	L. Stark, President, Instructors' Association;
R. Marx, Cont Ed Student	L. Vasquez, Instructional Technology Committee Chair
C. McCammon, Cont Ed Student, Co-Pres.	

ACES

Superintendent/President Serban called the meeting to order and stated that the main purpose of this session is to look at and discuss the preliminary recommendations for the 2011-12 tentative budget one by one (attachment seen at prior meetings) using information from the attachments that were also discussed at prior CPC Meetings, and note which ones we have agreement on and which ones we don't and add other recommendations. This discussion will continue until no later than the April 19<sup>th</sup> CPC Meeting when we will vote on what CPC will be endorsing. This will include the endorsements of the Academic Senate and the Classified Consultation Group.

**Information Items/Announcements**

1. Latest communications and articles related to the state budget (pages 5-6)

Dr. Serban pointed out that as of yesterday, the items that got agreement in the California State Senate and Assembly include everything, but the most important thing, whether the tax extension is going to be on the ballot or not, doesn't look like it is going to happen.

Realistically now, we will be looking at Scenario 2 and 3 as referenced in the Preliminary recommendations (Attached).

## Discussion Items

### 2. Budget development for 2011-12 and preparing for 2012-13 and 2013-14

- a. Preliminary recommendations to and questions for the Board of Trustees from the Superintendent/President and Executive Committee – discussed with the Board of Trustees at the February 16, February 23 and March 10 study sessions (pages 1- 4)

After discussing the items below, clarifying points and answering questions, Dr. Serban came back to the recommendations listed on these pages. First she wanted a summary of how the Faculty Forum went. Academic Senate Representative Monda summarized the general consensus from the Forum on each recommendation. Dr Serban stated how important it is that the Academic Senate take a vote on these recommendations if they want to see them happen.

Dr. Serban strongly emphasized how important Recommendation 7. General Fund Reserves is. The minimum cash in hand at any point in time should be enough to cover our bills, meaning that the bottom line minimum amount we need is \$18 million referring to the Cash flow spreadsheet. Dr. Serban stated that we should not commingle the equipment and construction fund in that \$18 million reserve. She stated that this is one of the most important things we need to clarify: the minimum reserve we ought to have. Further discussion ensued about the details of how that would work in terms of carry-over from year to year, ending balances including the construction and equipment fund balances, showing deferrals on the different spreadsheets, workers comp and early retirement benefits.

Dr. Serban would like to see \$18 million in reserves, plus \$6 million in the construction fund and \$4 million in the equipment fund.

- b. Cost of FTES 2008-09 and 2009-10 (pages 7 – 12)

Dr. Serban introduced this agenda item by remarking on all the work that Controller Griffin put into answering questions discussed at prior meetings regarding how much the college spends per FTES. Pages 7 – 12 have the 2008 -09 and 2009-10 (no 2007-08 yet) information. Dr. Serban stated that next week we will look at 2007-08, which is important, because there were minimal reductions, as that was the last year where the College spent a lot more compared to 2008-09 and 2009-10. You will see the difference between these two years because we kept reducing expenditures.

Dr. Serban stressed that this is not how much it costs per FTES, it shows how much money we had available to spend. There is a big difference because we cut back on a lot of expenditures in 2008-09 and more so in 2009-10.

Controller Griffin explained that the general fund combines unrestricted and restricted funds together, then explained how she assembled the Cost of FTES Report. The two different funds were reported separately, the unrestricted where we have most of our operations and restricted where we have grant money or categorical funding. Controller Griffin reported that to assemble the information, the first thing she started with is the FTES because the objective was to come up with some data that would tell us per FTES what our revenues and expenses are.

Controller Griffin walked through the 2008–09 General Fund (unrestricted and restricted) Cost of FTES report starting with the Resident and Non-Resident (Int'l, Out-of-State) attendance:

FTES for Residence credit and non credit was 16,000 FTES;  
FTES for Non-Resident were added in with 2,000 FTES.  
For that year, 2008-09, over 18,000 Full Time Equivalent Students.

The next item Ms. Griffin explained from her report was how the revenue was analyzed, account by account, and grant by grant to determine if it was part of the credit program or part of the non-credit program. The total revenue for Credit and Non-Credit was \$104,846,129.

Ms. Griffin explained how the expenses were analyzed and went through how each area was determined and analyzed. Then she explained how and what the transfers-out are.

Ms. Griffin said that they then summed up all of the expenses and compared them to the revenue to get an excess or deficit of revenues. In this particular year the credit side had excess revenues of \$6 million and the non-credit side was in a deficit situation of \$0.8 million. All of these numbers are going to tie directly to our general ledger which was audited for this year.

Ms. Griffin explained that the Credit FTES is funded at a higher level than Non-Credit. The Credit is funded at \$4,565 and Non-Credit FTES is funded: a) Enhanced Non-Credit at \$3,232 and b) the Non-Enhanced Non-Credit at \$2,745. That is why the revenue generated on the credit FTES is always much higher than what it would be if you looked at equal non-credit FTES.

The last section, The Cost per FTES, the formula here is that it takes the expenses and divides them by the number of FTES to come up with a cost per FTES. You can see on the credit side the cost per FTES was \$5,512 on the non credit \$5,031 per FTES.

There were questions and answers clarifying the difference in numbers brought up by Academic Senate President-elect Nevins.

Ms. Griffin explained some of the detail backing up the summary page and stated that

in addition to our funding by FTES, the College also receives an amount for the different campuses. For the Main Campus we are getting \$4.4 million and for the Schott and the Wake combined we get \$2.2 million. That \$2.2 million is divided between credit and non-credit based on the relative number of FTES on the two campuses.

Ms. Griffin explained further more revenue detail to show the depth of analysis and answered questions about FTES at Schott and Wake, revenue from International and out-of-state students.

Board of Trustees Member Croninger said she would like to know how much the college spends for international and out-of-state students versus the revenue generated. Dr. Serban responded that the college can quantify some direct costs such as the Office of International Programs. However, other costs are more difficult to assign to these students only as they use shared services such as Admissions and Records, counseling, etc. but an estimate could be created.

Dr. Serban explained that this summary was done to respond to a question from two Board Members who wanted to know how much we spend on FTES. There was an expectation from many that producing non-credit FTES (Continuing Education) is a lot cheaper than credit FTES. That is not the case.

The FTES generation for Continuing Education is comparatively small. VP Sullivan pointed out that that it takes 525 instructional hours to generate 1 FTES. Even if the headcount is large, in reality it takes so many instructional hours to generate 1 FTES, Then, it takes so many sections to generate those instructional hours; those hours need to be scheduled, managed, and instructors need to be there, supplies need to be there. Small entities are more expensive to run than if you have larger entities.

Dr. Serban stated that costs per FTES show how expensive it is to run non-credit on an average basis. The average cost per FTES for Credit is \$5,512 and the average cost per FTES for Non-Credit is \$5,031 per FTES. This is contrary to popular mythology that is out there.

Ms. Griffin then went to the Summary Page for Restricted General Fund. The Revenues were analyzed specifically by each grant and the expenses were analyzed in the same way the previous summary. The down side to receiving grants is that when they are cut, we then have to offset them with money from the General Fund and it becomes a real problem. Foundation for SBCC money is included in the revenue section of this report.

Dr. Serban pointed to the comparison of cost per FTES between 2008-09 and 2009-10. In 2009-10, the cost per FTES went down. The more FTES we serve with the fewer resources gives the wrong impression; it shows that we can go on as usual with fewer resources (do more with less). Dr. Serban said that more faculty members had taken on more students in their classrooms which does not really serve the students well because the quality then goes down. Discussion about Doing More with Less

took place. Executive VP Friedlander emphasized that we need to prioritize; what we do here we need to do with excellence.

Superintendent/President Serban said that in 2009-10, the college had not received \$5.2 million of funding and we were 1,158 FTES over cap. The question was asked: how much did it cost to serve the 1,158 FTES? Dr. Serban sat that with the work that Ms. Griffin did, now we know it cost us about \$3 million to serve the FTES that was unfunded, money that the college would not have spent otherwise. That year, we depressed expenditures to the maximum. If it was a normal year where we would have had more hourlies, more student services etc., it would be a lot more than \$3 million.

Dr. Serban said we need to be close to the funded FTES number because then it means we don't incur expenses for which we don't get reimbursed

c. FTES as reported in the CC320 report (page 13)

Dr. Serban stated that this page holds background information that is important in terms of costs that we are going to incur to support unfunded FTES.

d. FTES 2007-08, 2008-09, 2009-10 ; Summer 2008-Summer 2010; nonresident tuition revenues by cost center (pages 14 – 18)

Robert Else first explained from his report "FTES and Non-resident Tuition by Department" stating that this is the actual course level detail of the FTES that we produced (we were not funded for all of them) in these years rolled up into a three year summary broken down by cost center, the same cost center used by Controller Griffin, broken down by resident FTES, state FTES, international FTES, and then Total credit FTES only starting in 2007-08 to 2009-10. Then there is a percent in change in total FTES from those same years and Summer FTES 2008 through Summer 2010. This report shows the trends from year to year.

Dr. Serban said these reports show the reduced sections and the comparisons.

Dr. Serban went to the Top FTES Rankings spreadsheet pointing out that this is important information when considering how we are going to approach cutting college course sections. An example of thinking strategically about this is that PE classes rank #1 for Out-of-State students and #2 for International students. Out-of-State and International students impact our revenues and if we eliminate classes that they take, then we have to think about how this will impact out-of-state and international student enrollments.

Mr. Else showed from his report the patterns of FTES, the interesting shift of enrolling international students in the ESL courses versus more of them enrolling in the higher level English courses. More International students are speaking English well, since

they no longer need the ESL classes, they are taking a higher level class, English Skills classes instead. Executive VP Friedlander said that because the International students take English assessment tests at the last minute right after they arrive on campus (two weeks prior to the start of school), more ESL classes end up being cut at the last minute than in years past.

Mr. Else pointed out and explained the changes in FTES in several course areas that if not explained may look as if we could cut those classes, when in fact there have been changes in the courses. This is a reminder to not look at one isolated row of low or zero FTES and think they are in trouble. Everything is tied to everything else. This is not a totally isolated piece of data because it is tied to everything else.

- e. Cash flow analysis 2009-10 actual; 2010-11 part actual and part projected (pages 19-20)

Controller Griffin explained the cash flow spreadsheet and then pointed out significant things that happened in the cash flow: 1) the deferrals of our state money and the delay enactment of the state budget which meant that we could not get any cash from Sacramento until the legislature did pass a tax act which was in October.

Ms. Griffin explained the spreadsheet. The significant cash flow events we were anticipating are 1) the delay in the budget in Sacramento. So in October, shows amount of cash we did not get in those months that finally came in which was \$10,163,026; 2) Deferrals. In July we received money that was due from the prior year, which helped tremendously since we had not received the money from the state for the current fiscal year. At same time, there was an intra-fund deferral, which was money owed in July but not given until October. 3) Other deferral, beginning in January, our payments are going to be reduced by an excess of \$11 million dollars. This money is withheld from the customary payment and it will be delivered to us next July. (Or it could be split from between July and October; we will not know that until they finalize the budget.) Ms. Griffin said that also a proposal was that it could increase \$13 million on deferrals. Basically these are all an IOUs.

Ms. Griffin said what is significant for us is that we do receive some money from the County Tax Assessor in December and again in April.

The other big revenue inflow comes from when students are enrolling. November and December they are enrolling for Spring and then May and June they are enrolling for the summer and fall. We keep this money locally, goes into our bank account, then we report it to the Chancellor's Office and they take it into account and then they award us the State money. The tuition we collect from the international and out-of-state students stays with us. Ms. Griffin went through the pattern of the outflows.

Dr. Serban pointed out 2009-10 and 2010-11, six months out of twelve months, if we did not have the reserves that we have we would have been in the red by those various amounts shown.

One constant here is that as a principle we need to make a commitment to always have enough money in the bank to pay the bills for that month without having to borrow. This is a fundamental concept that Dr. Serban hopes we understand and value.

Ms. Griffin stated that they will be looking forward at the cash flow for next year which will be done in conjunction with developing the budget. The worst case scenario is that we will have \$13 million in deferrals and a cut in revenue for \$10.5 million in state money. Dr. Serban said if you combine the cut in revenue on top of the \$13 million in deferrals that is a major impact for which we need to be prepared.

- f. Computer and server refresh costs 2008-09, 2009-10, 2010-11 and 2011—12 projected (page 21)

VP IT Bishop reviewed what we spent and what we expect to spend in 2011-12 on replacing computers and servers. In 2008-09, because of budget issues, we went to a five-year cycle for replacement which really causes us some initial savings for the next couple of years, but now we are caught up in a regular cycle and now need to replace servers and computers. Next year's projections are lower than 5 years ago, but they are higher than in those initial years where we got the benefit of changing our cycle.

- g. Unrestricted General Fund Revenues and Expenditures 2001-02 to 2010-11 (pages 22- 23)
- h. Unrestricted general fund transfers out history (page 24)
- i. Ending fund balance history (page 25)

Dr. Serban pointed out the changes in the ending fund for 2010-11 and there was discussion regarding the ending fund balance.

- j. Interest revenue 2001-02 to 2009-10 (page 26)
- k. Budget projections – scenarios for 2011-12, 2012-13 and 2013-14 (pages 27 - 30)

Dr. Serban stated that this projection does not include the increases in expenditures that we know we will incur in 2011-12. VP Business Services Sullivan emphasized that this is a WORK IN PROGRESS. Mr. Sullivan then explained the spreadsheet "2010-11 Projection for Revenue and Adjusted Budget with Assumption 1 for Expense and with Assumption 2 for Expense. Shows two different levels of expenses on the projections, that is the primary difference between the two. Only shows projections for \$36 per unit. If you look at it projections for 2011-12 it does not include what we know will change. It could be June before we know what our budget will be for next

year. Mr. Sullivan reviewed the different assumptions and scenarios and the differences. Scenario 3 is the best of the scenarios.

There was discussion from the Expenditure Balances in Equipment Spreadsheet which shows the historical spending in spending.

Dr. Serban went to the District Projects Expenditure Balances and stated that moving forward we need to know how much we want to maintain in the construction fund for campus maintenance, miscellaneous projects, and enough for projects that Measure V does not fund. She reiterated that we want to ensure that we do keep replenishing the construction fund.

There was a discussion of what the state may or may not do about Prop. 98.

i. Equipment fund 41 expenditures 2007-08, 2008-09 and 2009-10 (pages 31-49)

Dr. Serban went through the comparisons from 2007 – 08; 2008 – 09; 2009 – 10; 2010 – 11 and said that this shows the huge effort made to cut back on expenditures for equipment. If one was to ask how much we expect to spend in equipment in 2011-12, then we know from what VP IT Bishop reported, it will be almost \$1.5 million, which is expected to be spent on the replacement of computers and servers.

Departments sent the non-routine equipment requests and program review requests. We are working on the numbers and we are going to have the information at CPC to start looking at that.

Dr. Serban said that unexpected expenses always come up during the year and we do need to have enough to replace equipment that is falling apart or outdated. Executive VP Friedlander stated that he sees equipment as part of our effort towards excellence in instructional support and other program areas.

m. Bond fund expenditures 2007-08, 2008-09, 2009-10 and 2010-11 to date (pages 51-54)

n. State capital projects expenditures 2007-08, 2008-09, 2009-10 and 2010-11 to date (page 55)

o. State maintenance projects expenditures 2007-08, 2008-09, 2009-10 and 2010-11 to date (page 56)

p. District construction projects funded from the general fund construction expenditures 2007-08, 2008-09, 2009-10 and 2010-11 to date (pages 57 – 58)

q. Brief background information about the Continuing Education Division (pages 60-66)

r. Brief overview of the relationship between SBCC and the Parent Child Workshops



(pages 67-70)

- s. Memo from Chancellor Jack Scott dated Oct 28, 2010 regarding priorities in class scheduling (page 71)
- t. Budgeting for the 4000 and 5000 accounts

### **Discussion/Action Item**

#### **3. Sabbaticals for 2011-12**

Superintendent/President Serban stated that at the December 7<sup>th</sup> CPC Meeting, CPC members voted to approve three sabbaticals for 2011–12, which would cost about \$170,000, but with the understanding that if something of significance happened in terms of the budget in 2011–12 it would be up for reconsideration. Dr. Serban stated that the worsening of the budget situation is a significant happening and we need to reconfirm at this time if we are going to put the \$170,000 into the budget for the three Sabbaticals. There was further discussion. Instructors' Association Member Alsheimer stated that she and Tom Garey recalculated the cost and found it to be \$100,000. There was disagreement with that information from the VP Business Services Sullivan and Superintendent/President Serban.

**M/S/C (Friedlander/Nevins) to reconfirm the approval to support the three Sabbaticals estimated to be about \$170,000 for insertion into the 2011 – 12 budget.**

**There were 5 yays and 5 nays of those present. The Consultation Group was directed to vote against this motion (2 members present, 1 absent), and the Academic Senate was directed to vote for this motion (2 members absent). The votes of the absent members were included in the count leaving the vote 7 yays and 6 nays.**

Superintendent/President Serban adjourned the meeting.

#### **Next CPC meetings:**

**Tuesday, March 22, 2011, 3:00-4:30pm, A218C**

**Friday, March 25, 2011, 9am-12pm A217 – special meeting preparation for developing the 2011-14 college plan**

**Tuesday, April 5, 2011, 3:00-4:30pm, A218C**

**Friday, April 8, 9am-12pm A217 – special meeting preparation for developing the 2011-14 college plan**

**Tuesday, April 19, 2011, 3:00-4:30pm, A218C**

**Tuesday, May 3, 2011, 3:00-4:30pm, A218C**

**Tuesday, May 17, 2011, 3:00-4:30pm, A218C**