

**Minutes of the Study Session of the Board of Trustees
San Mateo County Community College District
September 12, 2018, San Mateo, CA**

The meeting was called to order at 5:00 p.m.

Board Members Present: President Richard Holober, Vice President Maurice Goodman, Trustee Dave Mandelkern, Trustee Thomas Mohr, Trustee Karen Schwarz

ANNOUNCEMENT OF CLOSED SESSION ITEMS FOR DISCUSSION

President Holober said that during closed session, the Board will (1) hold a conference with legal counsel regarding three cases of existing litigation and one case of potential litigation as listed on the printed agenda, (2) consider ratification of confidential District warrants, and (3) consider employee discipline, dismissal, release.

STATEMENTS FROM THE PUBLIC ON CLOSED SESSION ITEMS ONLY

None

RECESS TO CLOSED SESSION

The Board recessed to closed session at 5:01 p.m.

RECONVENE TO OPEN SESSION

The Board reconvened to open session at 6:10 p.m.

Board Members Present: President Richard Holober, Vice President Maurice Goodman, Trustee Dave Mandelkern, Trustee Thomas Mohr, Trustee Karen Schwarz

Others Present: Chancellor Ron Galatolo, Executive Vice Chancellor Kathy Blackwood, Skyline College Vice President of Student Services Angélica Garcia, College of San Mateo President Michael Claire, Cañada College President Jamillah Moore

PLEDGE OF ALLEGIANCE

ANNOUNCEMENT OF REPORTABLE ACTION TAKEN IN CLOSED SESSION

President Holober announced that during closed session, the Board voted unanimously to ratify the confidential District warrants that were presented.

DISCUSSION OF THE ORDER OF THE AGENDA

President Holober said staff requests that item 18-9-1C, Update on District Strategic Plan, be heard immediately following Item 18-9-2A, Approval of the Allocation of Total Compensation and New Salary Schedules. There was no objection from the Board.

MINUTES

It was moved by Trustee Mohr and seconded by Vice President Goodman to approve the minutes of the study session of August 14, 2018. The motion carried, with Trustee Schwarz abstaining and all other members voting Aye.

It was moved by Trustee Schwarz and seconded by Trustee Mohr to approve the minutes of the regular meeting of August 22, 2018. The motion carried, all members voting Aye.

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

None

NEW BUSINESS

APPROVAL OF PERSONNEL ITEMS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (18-9-1A)

It was moved by Trustee Schwarz and seconded by Trustee Mohr to approve the items in the report. The motion carried, all members voting Aye.

APPROVAL OF THE ALLOCATION OF TOTAL COMPENSATION AND NEW SALARY SCHEDULES (18-9-2A)

It was moved by Trustee Schwarz and seconded by Trustee Mohr to approve allocation and salary schedules as presented. David Feune, Director of Human Resources, said that in order to comply with Government Code 54953, staff will summarize the allocation and salary schedules. He said AFT voted to allocate their 2018-19 funds entirely to the salary schedule, resulting in a 4.02% increase for full-time faculty and a 5.02% increase for part-time faculty. These increases are reflected in the Regular Faculty Schedules 80 and OL and Adjunct Faculty Schedules AJ and HI. In addition, on July 25, 2018, the Board approved the CSEA allocation of available compensation and CSEA Classified Salary Schedule 60 for 2018-19. CSEA Classified Salary Schedule 62 was unintentionally omitted from the July 25, 2018 board report and is being included on this report for approval. The approved 4.17% increase, which was approved by the Board on July 25, is reflected in the Classified Salary Schedule 62.

Trustee Mandelkern asked if the proposed 2018-19 budget incorporates these changes as if they had been approved. Executive Vice Chancellor Blackwood said the dollars are in the budget but have not been allocated for faculty. The lump sum is in Central Services and will be transferred and allocated according to this agreement and will not change the bottom line. The allocations for CSEA, AFSCME and non-represented employees are reflected in the budget.

President Holoher asked if the allocations could potentially affect the 50 Percent Law because of the raise in salaries. Chancellor Galatolo said the 50 Percent Law is based on an expenditure model rather than a budget model and is therefore not contemplated in the budget. He said the 50 Percent Law is calculated on actual expenditures which change during the course of the year and are reflected at the end of the year.

After this discussion, the motion carried, all members voting Aye.

INFORMATION REPORT

UPDATE ON DISTRICT STRATEGIC PLAN (18-9-1C)

Aaron McVean, Vice Chancellor of Educational Services and Planning, said the focus of the presentation will be a discussion of the Strategic Plan and associated metrics, beginning with an overview of the metrics and targets for the District. The Colleges will then share efforts related to specific metrics, followed by a review of the Tableau Metrics Dashboard. Vice Chancellor McVean said the focus of the Strategic Plan is Students First: Success, Equity and Social Justice.

Vice Chancellor McVean provided an overview of the metrics:

- Enrollment of full-time, first-time students increased from fall 2016 to fall 2017, all attributable to Skyline College.
President Mohr asked how many first-time students attend full-time. Vice Chancellor McVean said the most recent data shows that 64% are full-time. President Holoher asked if the data disaggregates resident and non-resident students. Vice Chancellor McVean said it is disaggregated in the Dashboard.
- The percentage of students completing a Student Educational Plan continues to increase, along with content of the Plans.
- Fall-to-spring persistence – hope to increase as the number of full-time students increases.
- Percentage of initial enrollment in basic skills math and English vs. transfer level math and English:
Math – percentage in basic skills decreased to 17% in fall 2017 and percentage in transfer level increased to 48%
English – percentage in basic skills decreased to 3% and percentage in transfer level increased to 78%
Trustee Mohr, noting the 48% initial enrollment in transfer level math and 17% in basic skills math, asked where the remainder of students are placed. Vice Chancellor McVean said some students are in the degree applicable but not transferable level and others delay enrollment past their first year. He noted that these two options will essentially be eliminated with the implementation of AB 705 which mandates that colleges maximize the likelihood that students complete transfer level math and English in their first year.
- Cohort degree/certificate completers – cohorts are tracked for three years. The fall 2015 cohort ended with summer 2018 and updated data will show on-time completion for that group. Trustee Mohr asked if the definition of on-time completion is six semesters. Vice Chancellor McVean said 150% of normal time, or a three-year timetable, is a relatively standard definition of on-time completion. Trustee Mohr said the 2019-20 goal of 24% of students completing a degree within 150% of normal time seems very low given the amount of

money that is being spent on programs to improve this number. Trustee Mandelkern added that the stated goal does not match up mathematically with the goals listed by the Colleges. President Holober said these targets were set with the development of the Strategic Plan and were meant to be ambitious but not unattainable. He said the District's method of doing business has changed in the interim and he asked when it will be time to reexamine and adjust the targets. Vice Chancellor McVean said a comprehensive revision of the Strategic Plan is scheduled for next year. Trustee Mohr said he appreciates bold and audacious goals and would like to see them included in the revision.

- Non-cohort degree/certificate completers – data for 2017 is not yet available because the award of degrees and certificates is not typically finalized until mid-October. Vice Chancellor McVean said he will provide the data when it becomes available.
- CSU and UC transfers – the data will be available when these systems complete their January updates.
- San Mateo County high school take rate – 45% for the 2016-17 cohort. Efforts are underway to improve the high school alignment, such as an increase in dual enrollment.
Trustee Mandelkern asked if the take rate refers to the percentage of high school graduates who enroll in one of the Colleges and if it includes concurrent students. Vice Chancellor McVean said it is a rolling five-year average of the percentage of students who enroll in one of the Colleges and does not include concurrent enrollment.
- Course success rate differential in distance education – data is not showing a differential between distance education vs. face-to-face courses.

Skyline College

Dr. Luis Escobar, Dean of Counseling, said efforts at Skyline College, have centered on four main strategies:

1. Incentivizing full-time enrollment of students.
2. Creating intentional programming that encourages students to attend full-time and also makes it easier for them to attend full-time.
3. Emphasizing relationships with high school districts and individual feeder high schools.
4. Facilitating the transition to Skyline College through outreach and counseling at the high school campuses.

Dr. Escobar shared two of Skyline College's main efforts:

1. Expansion of the Promise Scholars Program. The program is based on City University of New York's (CUNY) Accelerated Study in Associate Programs (ASAP) model, which shows compelling data over a decade of being able to double and triple graduation rates and encouraging students to attend school full-time. The financial incentives have helped remove barriers that keep students from attending full-time, including waiver of fees, a monthly transportation incentive and the cost of textbooks. The completion rate is supported by dedicated counseling and career development collaboration. Recruitment efforts include messaging on the importance of attending full-time. The growth in the number of full-time students is in alignment with the scaling up of the program at the College.
2. Promise Summer Scholars Institute. The model for the Institute is based on acceleration, helping students start college at the transfer level. Ninety percent of students who have completed the Institute have placed in transfer level courses. Students who complete the Institute are guaranteed a spot in the Promise Scholars Program and almost all do participate in the program.

Lauren Ford, College Recruiter, said that through the High School Liaison Program and the Priority Enrollment Program (PEP), marketing efforts were designed to make sure high school students are able to matriculate successfully to Skyline College. In the 2016-17 school year, outreach staff worked with five of the ten feeder high schools and increased to seven high schools in the 2017-18 academic year. Intentional times were set aside throughout the academic year to complete all matriculation steps onsite at the high school campuses. The use of multiple measures also helped in completing the assessment piece and demystified the placement test. There was outreach to specialty programs such as Herman@s and Kapitiran to ensure these students received support. Consistent follow-up was conducted via emails, text messages and telephone calls to help students register for classes or help with any other barriers they were facing.

Ms. Ford said there has been increasing engagement with the community, with 258 events and activities throughout the fall 2016, spring 2017 and summer 2017 semesters.

Connor Fitzpatrick, Communications Manager, said the marketing campaign took a two-pronged approach. Traditional marketing included print and radio advertising, while the digital ad campaign served students via desktops, laptops and mobile devices. Digital ads were able to target specific locations, particular groups of people, such as individuals aged 18 to 24, and people with specific interests. For the summer/fall 2017 campaign, one digital campaign ran on Facebook and another ran through the media company Ad Taxi.

President Holober asked if staff is able to measure the reach of digital marketing. Mr. Fitzpatrick said the primary way to measure success is through click rates on the ads. He said the ads are targeted to specific populations, making it possible to determine who the users are.

Trustee Schwarz asked if staff is finding that family members and friends of individuals who have gone through the program are coming to the College. Dr. Escobar said there is anecdotal evidence of this, but there are no data at the present time.

Trustee Mandelkern asked how the average click-through rate on the Facebook platform compares with that on the Ad Taxi platform. Mr. Fitzpatrick said the Ad Taxi rates are around two percent, which is slightly higher than average for educational marketing. He said the Facebook click-through rates on Facebook were slightly lower, but were about average.

Trustee Mohr asked how many students from County high schools came to Skyline College this year and how many of them enrolled as full-time students. Dr. Escobar said approximately 1,250 new, first-time students came to Skyline College. Of these students, approximately 700 are full-time and of those 700, 507 are in the Promise Scholars Program. Trustee Mohr said this would be good benchmark data to be utilized over time.

Cañada College

Adam Windham, Interim Dean of Science and Technology, discussed data on the initial placement of first-time, full-time students in math. He said lower numbers of students are being placed in basic skills math and larger numbers are being placed into transfer level courses. He said this is due primarily to three factors:

1. Development of an accelerated pathway to transfer level for non-STEM majors. Math 190 serves students who would typically be placed into Elementary Algebra. Its function is to replace both Elementary and Intermediate Algebra by combining them into a one-semester, six unit course, offering a faster path to Statistics. Math 190 is not meant for students who will be Business majors at a UC or who will be STEM majors. Math 190 was first offered in fall 2013. Enrollment has grown as the course has become better known and placements have become more effective.
2. Adoption of multiple measures. Placement decisions are based on factors such as high school GPA and math courses completed in high school rather than solely on a placement test, resulting in students typically placing higher in the math sequence. Success rates for first-time students have remained approximately flat, indicating that students are not being left behind because of the use of multiple measures.
3. Proactive Registration. Collaborative efforts among Admissions and Records, Financial Aid, Counseling, Learning Center, STEM Center and faculty ensure that students are aware of the options available to them and are placed on the best pathway to meet their educational goals.

Vice President Goodman asked if Psychology 171 is an option for students who have completed Math 190 and if Math 190 could fulfill the prerequisite for Psychology 171 in place of Math 120. Mr. Windham said this has not been included in his discussions with math faculty and is not sure if it would be included as an alternative. He said that Math 190 includes the most relevant aspects of Math 120; therefore, it would be considered an equivalent and he would be surprised if it was not a possible prerequisite for Psychology 171. Vice President Goodman suggested that students be made aware of this alternative as part of the process. Mr. Fitzpatrick said this is an excellent suggestion and he will take it back to counseling and curriculum staff.

Trustee Mohr said Intermediate Algebra and Statistics are taught in the high schools. He suggested forming agreements with the high schools that would allow students to complete these courses through alignment with the Colleges or through dual enrollment. He said high schools typically offer Advanced Placement Statistics as well. He encouraged staff

to have discussions with the high schools on this issue. Mr. Fitzpatrick said multiple measures is part of that approach by not requiring students to repeat some courses that they took in high school.

Trustee Mandelkern said it is good to see data confirming the hypothesis that a single, high stakes placement test is not helpful to students in achieving their full potential. He asked if more accurate placements are impacting overall student success. Vice Chancellor McVean said data is not yet available but he expects to see increased success rates in the next couple of years due to more accurate placements, along with additional support in transfer level math and English. Trustee Mandelkern asked if the use of multiple measures puts the District at a competitive advantage in terms of attracting students. Vice Chancellor McVean said AB 705 will level the playing field, with the vast majority of districts expected to adopt the same placement guidelines. President Claire said high school superintendents have a greater level of confidence knowing that their graduates will be placed directly into transfer level courses, enabling them to move through the community college system. For this reason, he said he expects to see an increase in the take rates.

Anjélica Garcia, Vice President of Student Services at Skyline College, said that pedagogy also plays an important role. She said Cañada College math faculty recognized that instruction needed to be different and were ahead in this area. Tammy Robinson, Vice President of Instruction at Cañada College, said the math faculty recognized the need and did the hard work of examining and adapting the curriculum. She cited tutoring, counseling and institutional support as additional factors in the success at Cañada College.

College of San Mateo

Kristi Ridgway, Interim Dean of Language Arts, said College of San Mateo has continued to grant greater numbers of students access to transfer level English in the last few years. She said that about eighty percent of first-time, full-time students at College of San Mateo are placing into transfer level or higher English. Less than one percent are placing into basic skills English and the remainder are taking a degree applicable course. In 2016, the number of first-time, full-time students rose to 75 percent and increased in 2017 to 88 percent. Dean Ridgway said this correlated with (1) allowing use of the students' high school GPA or their grade in high school English to be used as part of the placement process and (2) elimination of one of the courses in the sequence for English.

Dean Ridgway said there is not a single factor for the maintenance of success rates. Along with the use of multiple measures, deliberate efforts include co-requisite support and streamlined course sequence. Since fall 2009, a five-unit transfer course with embedded reading support has been offered. Dean Ridgway said that during the past few years, there have been deliberate efforts by English faculty to be student-centered and to consider a comprehensive perspective that includes not only access to coursework, but also what the courses are and how they are taught. Instructors are taking additional time to make sure they know their students outside of the classroom as well as academically and are working to make sure students are well-connected to resources on campus. Dean Ridgway said the next step will be to address the kinds of support that might be needed by the small number of students who are in the one remaining basic skills section after that section is eliminated.

Krystal Duncan, Dean of Counseling, discussed the progression of the use of multiple measures as part of the placement process. In fall 2016, students with a 2.6 GPA were allowed to place into English 100. In fall 2017, high school transcripts were also allowed and this increased the number of students who placed into English 105. President Claire said with the future elimination of the basic skills English course, he is actively working with high school partners to discuss delivering that curriculum at the high school level so that students receive extra support at the appropriate time in their academic careers. Trustee Mandelkern said he would define the objective as making sure students are prepared when they come to the Colleges from the high schools.

Trustee Mandelkern noted the successful math placement program at Cañada College and the English placement at College of San Mateo. He asked what the plans are for the three Colleges to arrive at the same success rates. Vice Chancellor McVean said that while each College focused on a specific area for this presentation, they have all seen positive movement and have enjoyed increased collaboration with each other.

Trustee Mohr asked about the investment of resources that helped drive the process and what the need is for new or continued investments, particularly with regard to working with the high schools. President Claire said College of San Mateo has hired a full-time high school dual enrollment coordinator. Vice President Garcia said there have been increased dual enrollment efforts across the District. Kim Lopez, Vice President of Student Services at College of San Mateo, said the high schools are excited about the First Year Program and Promise Scholars Program, as well as AB 705. Vice President Lopez students need support services not just for their first year but for their second and even third years.

She said resources are needed to provide this support. Sandra Comerford, Vice President of Instruction at College of San Mateo, said professional development for faculty is another critical component for which support is needed.

Karrie Mitchell, District Vice President of Planning, Research and Institutional Effectiveness, demonstrated the Tableau Dashboard, showing how data can be disaggregated by college, part-time versus full-time status, gender, race ethnicity and international versus non-international students, along with a variety of other factors. She offered to meet with any Board member who is interested in doing so and invited Board members to send her questions.

Vice Chancellor McVean said he believes that the District's Strategic Plan and metrics, along with the focus on equity and success, are impressive. He recognized the intentional efforts of the Colleges. He said it will take sustained focus, innovation and resources to continue to support the work.

Trustee Mandelkern said he appreciates seeing meaningful data which provides quantitative measures of results. He said the Dashboard is a useful tool. He said the presentation was impressive and he thanked everyone for their hard work.

Trustee Mohr said the results shown during the presentation are professionally remarkable. He said this is what happens when there is a strategic plan and vision and resources are used in a focused way. He said the Colleges have become results oriented and this is making a difference in student performance.

President Holober said the presentation was excellent. He said a number of factors are involved in the success reported, including the development of the District Strategic Plan which includes measurable goals. He said the District is more purposeful in the way it is doing business, due both to innovative and creative work and to external requirements. President Holober said it adds up to the kind of change everyone is pleased to see.

President Holober said he understands that the high school take rate is to some extent a function of the economy. However, he said this is an area in which the District might be missing students who should be coming to the Colleges but are not doing so. He said he would like to address this in the future.

Trustee Mohr asked if staff is looking at data to see if the District is closing the gap with regard to social justice. Vice Chancellor McVean said this is a regular focus at each of the Colleges.

Trustee Mandelkern said that the development and implementation of strategic plans was a topic at a Community College League of California conference he attended two years ago. He said he would like to see the District be able to present at statewide conferences to share the knowledge it has gained.

Other Recommendations

PUBLIC HEARING OF THE 2018-19 FINAL BUDGET (18-9-100B)

It was moved by Trustee Mandelkern and seconded by Vice President Goodman to hold the public hearing. The motion carried, all members voting Aye. The public hearing was called to order at 8:06 p.m.

Executive Vice Chancellor Blackwood and Chief Financial Officer Bernata Slater presented an overview of the budget, including information on the new state student-centered budget model; District budget guidelines; budget assumptions for the General Fund (Fund 1); Fund 1 revenues and expenses; three-year projections; community-supported status vs. state revenue limit; increased categorical funds; capital outlay; innovation funds; PERS and STRS increases; the Retirement Trust Fund; and other issues including accreditation, the District Strategic Plan, and longer term funding needs. Executive Vice Chancellor Blackwood said there is \$97 million in the Futuris Other Post-Employment Benefits (OPEB) Trust. Combined with \$16 million in the Reserve Fund for Post-Retirement Benefits (Fund 8), the District has funded 97 percent of its \$117 million liability for post-retirement medical benefits. Later this year or in the next fiscal year, the District should be able to pay all of the premiums out of the trust.

Trustee Mandelkern said the Fund 1 information for 2018-19 shows a net change between the beginning fund balance and the ending fund balance of approximately -\$10.5 million. CFO Slater said the negative number is due to a carryover of approximately \$10 million from the prior year, which is budgeted as an expense. Chancellor Galatolo said this represents encumbrances in the prior year and will become realized expenses in the current year. Vice Chancellor Blackwood said this happens every year. She said that in this case, authorization was granted to spend the money in 2017-18 but some of the money is being carried over and is still authorized to be spent. She said that as the sites plan for

future multi-year projects, they will probably carry over some of the money to 2019-20. Trustee Mandelkern asked if there is a limit on the number of years encumbrances can run. Chancellor Galatolo said there is not a limit. President Holober said he recognizes that there are multi-year projects, but said the District has a good idea of what will be spent each year. He asked if the actual costs for the year are considered when building the budget. Executive Vice Chancellor Blackwood said this depends largely on what the projects are and for how many years they will be funded.

Trustee Mandelkern asked if the County Assessor has provided guidance on how a potential recession would impact the District in terms of Assessed Valuation (AV). Executive Vice Chancellor Blackwood said the Assessor does not provide guidance. Chancellor Galatolo discussed the historic changes in AV and said the trend for budget purposes would be a six percent growth over a ten year period. He said it is also important to try to build other revenue sources. Trustee Mandelkern said that because the District's budget has grown significantly, decreases in income would represent a smaller percentage of the total budget and would be easier to absorb.

President Holober asked what the source is for Innovation funds. Executive Vice Chancellor Blackwood said that of the \$2 million in ongoing Innovation funds, \$1 million comes from the unrestricted general fund and \$1 million comes from the Housing fund, Auxiliary Services and the Foundation.

President Holober addressed the PERS and STRS increases (for PERS, from 11% in 2013-14 to 18% in 2018-19 and almost 24% in 2021-22; for STRS, from 8.25% in 2013-14 to 16% in 2018-19 and 19% in 2021-22). He asked if the future numbers are actual numbers or projections. Executive Vice Chancellor Blackwood said they are projections; however, the STRS increases are in law and are unlikely to change. She said the PERS Board has the option to change every year. President Holober asked if PERS and STRS have gotten back to a solvency position because of the booming stock market of the past few years. Executive Vice Chancellor Blackwood said PERS wants even more money now because: (1) they reduced their projection for ongoing earnings to reflect the fact that they did not make what they projected, and (2) they shortened the timeframe over which they are amortizing their liability. Trustee Mandelkern said that this year, for the first time in recent memory, PERS and STRS met or exceeded their target rate of return on investments. He said that when things were going well in 1997-99, they started cutting back on contribution percentages, which was a mistake. He said his sense is that they became aggressive in terms of increases in order to keep the system solvent. He said that if they started having at least average returns that approximated their goal, perhaps they could get more conservative on contribution percentages. Chancellor Galatolo said this is a nearly fully funded retirement system. He said it is irresponsible to fully fund the system and it is more responsible to fund a going concern at forty to sixty percent. He said going to a fifty percent level would free up \$200 billion to be used for education.

Trustee Mohr asked if staff has ever assessed the costs of accreditation. Executive Vice Chancellor Blackwood said that for the last accreditation cycle, each college received an additional \$100,000 to hire a writer, but are now expected to pay from their own budgets. She added that the costs are significantly more than \$100,000.

Following the report, President Holober asked if there were any additional questions or comments from the public. Hearing none, he declared the public hearing closed at 8:58 p.m.

ADOPTION OF THE 2018-19 FINAL BUDGET (18-9-101B)

It was moved by Vice President Goodman and seconded by Trustee Mohr to approve the budget. Trustee Mandelkern asked if the budget can be used as a guide to determine the District's status in terms of the 50 Percent Law. Chancellor Galatolo said he does not know of a way to use budget numbers to predict the status because there are many factors that go into the calculation. He said he believes the number will likely be lower because the District continues to put money into wraparound services and release time for faculty in order to build programs. He said other community-supported districts are also not complying with the 50 Percent Law because they are investing in things that support the Promise Program.

Trustee Mandelkern said the Board previously discussed the 50 Percent Law and gave guidance to staff to initiate discussion with constituency groups to try to reach a mutually agreeable solution. Chancellor Galatolo said the District is ready to sunshine and he believes that is an appropriate forum for the conversation. Trustee Mohr said he believes it was the wish of the Board that the entities would come together to try to reach a mutual conclusion. Chancellor Galatolo said staff will reach out to the AFT executive leadership to pursue informal discussions.

President Holober said the budget report projects an ending reserve balance of approximately \$27 million. He asked if this amount is aside from the transfers out that are shown in the budget. Executive Vice Chancellor Blackwood said the

\$27 million is for unforeseen activities and cash flow and is not intended to be spent or moved. President Holoher asked if this is outside of the calculation of compliance with the 50 Percent Law; Executive Vice Chancellor Blackwood said it is. President Holoher asked if staff has looked at what is considered the current expense of education that could be reallocated out of the general fund. Chancellor Galatolo said money could be moved to categorical funds, but staff is trying to have the budget reflect a true spending document. President Holoher said that when the Board received the last audit report, it was noted that the District did not conform with the 50 Percent Law and the District received a letter from an attorney indicating at least a potential threat of litigation. He said he is trying to see if there are ways to close the gap without taking money away from programs that are succeeding and fulfilling the District's mission. He said one way might be to re-categorize funds. Executive Vice Chancellor Blackwood said this is already being done; for example, the Colleges have been instructed to move all Promise expenses from the general fund to Fund 3.

Chancellor Galatolo noted that the 50 Percent Law calculation is based only on unrestricted general fund expenditures and income is not a factor. He said there are few options for conforming to the Law. He said teachers who are on release time and counselors could be shifted back into the classroom, but the load would be severely affected, with seven or eight students in some classes. He said the most viable option might be President Holoher's suggestion to move general fund money into categorical funds, such as the Foundation.

President Holoher said that converting some part-time faculty to full-time faculty would reduce the gap in compliance with the 50 Percent Law because full-time faculty earn more and receive benefits. He said he believes this also conforms with the goal of improving student achievement by providing a qualitative improvement in the student experience. He said he believes the District has the funding to do this at the present time. President Holoher said that during the discussion of the tentative budget, he indicated his hesitation about adopting the budget because of the nonconformance with the 50 Percent Law. He said his hesitation would be less if the District demonstrated good faith in moving toward the goal of closing the gap. To this end, he said he believes it would be prudent to put \$1 million of the \$27 million reserve into converting part-time faculty to full-time faculty. He said he would hope that the additional full-time faculty would come from the ranks of current part-time faculty. Trustee Mohr said he believes full-time faculty are a value-added proposition because of their strong connection with students and the learning outside of the classroom that occurs mostly with full-time faculty. He said the constituency groups should discuss this issue in good faith.

Executive Vice Chancellor Blackwood said the \$27 million in the reserve is one-time money and is not for ongoing expenses. She said spending any of this money on salaries would continue to reduce the reserve every year. Trustee Mandelkern said he believes it would be possible to bring it back into balance with future changes in revenue and efficiencies in expenses. Executive Vice Chancellor said a discussion with faculty would be needed to see if they would be interested in this proposal because although it would reduce the gap by \$1 million, it would not bring the District into compliance with the 50 Percent Law.

Trustee Schwarz said she is not in favor of spending one-time money on salaries and believes it would set a bad precedent. She said she would need to see a proposal and have a conversation to see if faculty would even be interested because it does not bring the District into compliance.

Trustee Mohr said that when personnel reports are presented, the Board approves a number of ancillary faculty positions. He asked if these positions are rigorously examined to see how they are utilized in terms of efficiency and investment versus the criticality of their engagement around the Strategic Plan. He questioned whether some of the positions could be replaced with more classroom instructors. Trustee Mohr said he believes that an organization that has \$55 million more than a revenue limit district should be very rigorous in its thinking about how it uses affluence at that level and whether it is used as efficiently and productively as possible.

Trustee Schwarz said the Board previously had a discussion about how to use increased funding to help students. She said this resulted in a move toward the Promise Program, which required more classified staff than instructors. She said she supports the idea of moving part-time faculty to full-time positions, but does not support doing so to appease one group. She asked if the State requires a minimum amount of funds to be in a reserve and asked how the District's reserve amount compares with other community college districts. Executive Vice Chancellor Blackwood said the State does not have a required minimum for community colleges but recommends five percent. She said some community colleges have reserves as high as thirty percent. Executive Vice Chancellor Blackwood said that some years ago, she brought a proposed policy on reserves to the Board, taken from the Government Finance Officers Association. She said that while the Board did not formally adopt a policy, it did agree on a goal of moving to a reserve of fifteen percent. Trustee Schwarz said that before making a decision on President Holoher's proposal, she believes more discussion is needed on

reducing the reserve, spending one-time money, how close the District is to conforming with the 50 Percent Law, and how full-time faculty placements would be determined.

Vice President Goodman said he commends the Board for having the conversation and for trying to creatively address the problem. He said the Board must ask if the solution being proposed is optimal and if data supports a need for more full-time faculty, knowing that classrooms are not full. He said the Board must also consider how the District would be affected if there is another economic downturn. Vice President Goodman said he does not believe a solution can be addressed at this meeting. He said it will not be known how close the District is to conforming with the 50 Percent Law until the end of the year. He said conversations with AFT should be initiated and the Board should continue discussions, making sure that every conversation is worthwhile.

Trustee Mandelkern said there seems to be agreement that having more full-time faculty is better and that converting some adjunct faculty to full-time is a good idea. He asked if the Board could begin to evaluate President Holober's proposal to shift \$1 million to convert part-time faculty to full-time in the context of the budget. He said there is \$200 million in the general fund and this proposal would use only one-half of one percent of that amount and could be made to work within the budget.

Chancellor Galatolo said he supports the idea of converting part-time faculty to full-time status; however, he said it troubles him if this is used as a mechanism to solve the issue with the 50 Percent Law.

President Holober said the current ratio of full-time to part-time faculty is two to one. He said the Board has the opportunity to increase this ratio without noticeable impact on the budget. He said he believes this would make a difference in the quality of instruction and he does not believe it would be appealing anyone. President Holober said he believes this would be the right statement of leadership for the Board to make.

Trustee Mandelkern suggested an amendment to the motion to adopt the budget, specifying that the Board examine the possibility of converting some part-time faculty to full-time status. Trustee Schwarz questioned why this would be added as an amendment since the Board can have discussions at any time. President Holober agreed that an amendment would be needed only if it was for approval to move \$1 million out of the reserve.

Trustee Mohr said the Board previously asked that the two parties begin discussions to address the issue of the 50 Percent Law. He said this must be done in good faith, which requires considering how it fits into the big picture and examining every alternative.

After this discussion, the motion to approve the 2018-19 final budget carried, with President Holober abstaining and all other members voting Aye.

STATEMENTS FROM BOARD MEMBERS

Trustee Mohr said Professor Kate Browne provided an invitation to a fundraiser for the Institute for Human and Social Development (IHSD) to be held on October 21. He asked that staff forward the invitation to the Board.

Trustee Mandelkern congratulated President Claire and College of San Mateo on the football team, which has enjoyed a good start to the season. Trustee Mandelkern said he met with Tom Nuris, who is running unopposed for a seat on the Board, representing Trustee Area 2. Trustee Mandelkern said he looks forward to working with Mr. Nuris.

ADJOURNMENT

The meeting was adjourned by consensus at 9:48 p.m.

Submitted by

Ron Galatolo, Secretary

Approved and entered into the proceedings of the October 10, 2018 meeting.

Maurice Goodman, Vice President-Clerk