

District Shared Governance Council (DSGC)
November 3, 2008
Minutes

Members Present: Co-Chairs Patty Dilko and Jing Luan, Linda Allen, Diana Bennett, Connie Beringer, Lessandro De Sousa, Darne Duckett, Megan Eznekier, Mauricio Flores Hernandez, Jeanne Gross, Ulysses Guadamuz, Ray Hernandez, Teeka James, Adolfo Leiva, Virginia Medrano Rosales, Martin Partlan, Marsha Ramezane, Stephanie Samuelsen

Members Absent: Laura Saxton

Others Present: Barbara Christensen, Brittany Piccolotti

The meeting was called to order at 2:18 p.m.

Review and Approval of Minutes

It was moved by Mr. Guadamuz and seconded by Ms. Allen to approve the minutes of the meeting of October 6, 2008. The motion carried, with one abstention and the remainder of those present voting "Aye."

Public Comments

None

Process for Evaluation of Delineation of Functions

Vice Chancellor Luan reminded members that the Accreditation Commission recommended development of a process for evaluation of delineation of functions. DSGC members took the proposed process to their constituencies for review. Dean Beringer made a motion to approve the proposed process and Mr. Guadamuz seconded the motion. Professor Dilko asked if there were any "E" votes or any further discussion. Hearing none, the motion carried by consensus.

Board Policy (Rules and Regs) 2.09 Revision (Taskforce)

Professor Dilko reminded members that they agreed to come to a decision on the revisions at this meeting. She suggested moving through the approval process separately on each of the three items at issue.

1. Purpose of the Council (number 4 of the proposed revised policy)

Professor Dilko asked if there were any "E" votes or any further discussion. Hearing none, item number 4 of the proposed revised policy was approved by consensus.

2. Process for coming to agreement (number 5 of the proposed revised policy)

Professor Dilko reminded members that at the October 6 meeting, it was agreed they would discuss with their constituencies two options regarding when a recommendation will be forwarded to the Chancellor: (1) when a simple majority (50% plus 1) of members present is at any one level, or (2) when two-thirds of members present are at any one level. A hand poll of members resulted in nine votes for 50% plus one and four votes for two-thirds.

During discussion, it was noted that the majority of students voted for the two-thirds option. Because of this concern and because two-thirds is more similar to the consensus model used by the Council historically, Professor James suggested using the two-thirds option for one year and then revisiting the issue. Dean Gross said she was not sure what her constituency would say about this proposal as it is not the way it was presented. Ms. Allen said she could not fully support it because her group had extensive discussion and agreed on the 50% plus one option, but she will not block it. A second hand poll, with more members present, resulted in nine votes for the 50% plus 1 option and seven votes for the two-thirds option. Dean Beringer then said her constituent group voted unanimously for 50% plus one, but she will not block the two-thirds option. Professor

Partlan said that Cañada faculty also will not stand in the way of the two-thirds option. After this discussion, a third hand poll resulted in ten votes for the 50% plus one option and six votes for the two-thirds option. Ms. Christensen suggested that the Council consider the option of moving a recommendation forward when 60% of the members present are at any one level, and noted that the State legislature is considering a 60% model to pass some legislation. Using the 60% option, if eleven members (eleven constitutes a quorum) were present, seven votes would be required to move a recommendation forward vs. eight out of eleven votes if using the two-thirds option. If twenty members (twenty is the full Council membership) were present, twelve votes would be required to move a recommendation forward using the 60% option vs. fourteen of twenty votes if using the two-thirds option. Although the 60% option was not discussed with members' constituencies, they agreed it is a compromise they can consider and agreed to use the current consensus model to see if there was agreement. Professor Dilko asked if there were any "E" votes or if there was any further discussion. Hearing none, it was agreed by consensus that (1) a recommendation will be forwarded to the Chancellor when 60% of members present are at any one level, to be revisited after one year and (2) the remainder of item number 5 of the proposed revised policy is approved. Ms. Christensen said she will revise the relevant sentence of the policy to read, "A recommendation will be forwarded to the Chancellor when a quorum is present and 60% of members present are at any one level." After discussion, it was agreed that since a meeting cannot take place without a quorum present, it is not necessary to include "when a quorum is present" in the policy.

3. Addition of a list of District and College policies and procedures that have or will have a "significant effect on students" as stated in Title 5, §51023.7,4(b) (number 10 of the proposed revised policy)

Ms. Christensen said that although this list is included in Rules and Regulations Section 2.18, Student Participation in District and College Governance, it is good to also include it in the shared governance section because it provides clarity when given to new Council members. It also provides consistency with the list of "academic and professional matters" relating to the Academic Senate process, shown in number 9 of the proposed revised policy. Professor Dilko asked if there were any "E" votes on approval of the revised number 10 of the proposed policy. Hearing none, it was approved by consensus.

Ms. Christensen will present the revised District Rules and Regulations Section 2.09, Shared Governance, as approved by the Council, to the Board of Trustees for their approval at the November 12 Board meeting.

Vice Chancellor Luan recognized the Taskforce which was formed to review and revise Section 2.09: Barbara Christensen, Ulysses Guadamuz, Teeka James, Richael Young, Harry Joel, and Council Co-chairs Jing Luan and Patty Dilko.

County Investment Pool loss of \$25 million of District funds and the state of the State's 2008-09 budget

District Chief Financial Officer Kathy Blackwood explained that school districts are required to deposit revenues into an investment pool ("County Pool") which is managed by the County Treasurer. \$155 million of the \$2.6 billion in the County Pool was invested in Lehman Brothers, which declared bankruptcy. The Treasurer said there were three options: (1) sell the existing notes, which are worth approximately 10 cents on the dollar; (2) declare the Lehman Brothers investment a complete loss and write off the loss from the books as a non-performing asset; or (3) write the notes down to market value and leave in the portfolio. Although school districts had asked the Treasurer to do nothing until an investigation could be completed, the Treasurer implemented option number 2. The full loss will be taken in the first quarter (July-September) and will be allocated to all entities in the County Pool based on their investments in the Pool during that quarter. The loss to SMCCCD is \$21 million in the capital outlay fund and \$4 million in the unrestricted general fund. For the current year, there are things that have been done or can be done to alleviate the \$4 million loss:

- Approximately \$1 million was already set aside for possible losses.
- In the State budget, the District is allocated \$1.2 million in property tax backfill, and that amount was not built into the budget.
- The District prepaid into the post-retirement fund and is already two years ahead; therefore, the District will ask the Board of Trustees not to transfer \$1.5 million this year.

Because of these alleviations, the District will not go back to the Colleges to help cover the Lehman Brothers loss.

The District has been in contact with the Treasurer and a steering committee composed of school districts has been formed, of which CFO Blackwood is a member. In addition, the District has retained attorneys. If the County was not following its own investment policy or following what a “prudent investor” would have done, it could be sued for mismanagement and its insurance could cover some of the loss. Attorneys have also been hired by San Mateo and Monterey Counties. Professor Partlan asked how much attorneys’ fees will be. CFO Blackwood said they could be up to \$200,000.

CFO Blackwood next addressed the State budget crisis. The Governor has called a special session of the legislature to deal with the current year shortfall. The Governor hopes to make up one-half of the deficit through revenue increases and the other half through budget cuts. Education leaders who met with the Governor reported they were told to expect cuts of \$2-4 billion in Proposition 98 (K-14) funding. CFO Blackwood explained how to interpret the budget cuts. For example, if \$10 billion is to be cut:

- Proposition 98 funds account for one-half of the budget, so the cut for Proposition 98 would be \$5 billion Statewide;
- Community colleges receive ten percent of Proposition 98 funds, so the cut for community colleges would be \$500 million;
- SMCCCD receives two percent of the community college funds, so the District’s cut would be \$10 million.

Some of the deficit will be filled by increased taxes, to the extent the Governor succeeds in getting the tax increase passed. The District’s unrestricted general fund is \$110 million and could require a cut of \$10 million. CFO Blackwood is asking the Colleges to prepare for cuts of 3-10 percent of their site allocations for the current year. CFO Blackwood said she has been asked if there will be a hiring freeze and said none is planned. The District will probably look at managed hiring, but CFO Blackwood emphasized that decisions on where to make cuts must be made at the site level. One way to alleviate cuts would be to try to reach the funding cap. Because the District shifted FTES between years, the funding cap (the level at which the State funds a district for the number of students served) was raised by about 2,000 FTES in 2006/07. We have grown since then, but additional revenue could be raised with an increase of 200 more students to reach the cap. CFO Blackwood said the best way to get additional students is not to admit additional students into classes, but to retain those students who come to a class on the first day.

Professor James asked if the Board might consider delaying raises to administrators. CFO Blackwood said the increases have already happened and would have to be rolled back. Professor Dilko said some districts have rolled back everyone’s increases. Dean Gross said that when the decision is made regarding incentives, the District should publicize the information because people who are already considering retirement might be influenced by the incentives. CFO Blackwood said there are some simple things that can be done, such as turning off lights and closing buildings over the winter holiday break.

Vice Chancellor Luan noted that communication regarding the budget is very important. CFO Blackwood said the District Committee on Budget and Finance will meet at least twice monthly rather than once. Updates will be provided at DSGC meetings through at least January. CFO Blackwood held a budget forum at Skyline and is willing to do so at the other Colleges if requested. Mr. Leiva said he was present at the Skyline forum and CFO Blackwood explained the situation in a way that was understood by everyone. Mr. Leiva said that CFO Blackwood’s presentation will be posted to iTunes University tomorrow, and he will email the link to Co-chair Dilko. Professor Hernandez added that Skyline faculty still want more information and will probably invite the President and Vice Presidents to talk with the faculty. Professor Dilko said Cañada President Mohr plans to bring information through the College Planning and Budget Committee.

Professor James asked what the best process is for submitting suggestions. CFO Blackwood said suggestions from all employees are encouraged and they should be emailed to her. She emphasized that all suggestions will be considered and responded to.

Role of District Committee on Budget and Finance

CFO Blackwood provided a listing of the Scope of Responsibilities of the District Committee on Budget and Finance, as well as a list of constituencies that are represented on the Committee; a copy is attached to the official minutes of record. CFO Blackwood said each entity decides who will be its representative on the Committee. The meetings are open to everyone who wants to attend. Professor Dilko said it would be useful to have the agendas go out Districtwide; currently, people must go through the website and the perception is that the information is not readily available. There was discussion among Council members on how to best publicize the information. Dean Beringer said it is key that all representatives who sit on councils and/or committees report back to their constituencies. Dean Gross added that when CFO Blackwood sends out Districtwide updates, she could include information about when the Committee meets.

District Strategic Planning Update/Presentation

Vice Chancellor Luan said he and Professor Dilko presented the first reading of the Strategic Plan to the Board of Trustees on October 29. The Strategic Planning Taskforce will use the month of November to review the Plan one more time, assimilating feedback from the Colleges, and then present the Plan to the Board for approval on December 10. Mr. Guadamuz asked if the feedback will be shared. Vice Chancellor Luan said information will be disseminated to make sure there is clear understanding on the educational planning process. The actual changes are being reviewed by the Taskforce and the Colleges, and do not require review by DSGC. Professor James said there was not enough time for dialog at the College; she submitted her comments to President Claire but hopes sufficient time will be provided for the planning process in the future. Vice Chancellor Luan said the Plan is a living document which will be continually reviewed.

Closing Remarks

Professor James said she believed that in the past, there were goals for the Council. Professor Dilko said this item could be agendaized, but that the business of the Council is ongoing and anyone can ask that items be considered.

Agenda Building

Professor James requested an update on accreditation at the next meeting.

Adjournment

The meeting was adjourned by consensus at 3:58 p.m.