

**Minutes of the Regular Meeting of the Board of Trustees
San Mateo County Community College District
June 21, 2018, San Mateo, CA**

The meeting was called to order at 5:04 p.m.

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

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 four cases of existing litigation as listed on the printed agenda, and (2) 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 5:05 p.m.

RECONVENE TO OPEN SESSION

The Board reconvened to Open Session at 6:06 p.m.

Board Members Present: President Richard Holober, Vice President Maurice Goodman, Trustee Dave Mandelkern, Trustee Thomas Mohr, Student Trustee Raghad AbdAlJawad

Others Present: Chancellor Ron Galatolo, Executive Vice Chancellor Kathy Blackwood, Skyline College President Vice President of Administrative Services Eloisa Briones, College of San Mateo Vice President of Administrative Services Jan Roecks, Cañada College President Jamillah Moore

PLEDGE OF ALLEGIENCE

REPORT OF ACTION TAKEN DURING CLOSED SESSION

President Holober said that during closed session, the Board took action to deny the application for leave to present a late claim in the Garza matter.

DISCUSSION OF THE ORDER OF THE AGENDA

None

STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES

Chancellor Galatolo welcomed Student Trustee AbdAlJawad. He said she will be sworn in at a subsequent meeting. Chancellor Galatolo also welcomed Dr. Karrie Mitchell, Interim Vice President for Planning/Research/Institutional Effectiveness.

Cañada College President Moore said she will be leaving the meeting early because Cañada College is hosting a two-day meeting of the California Student Aid Commission.

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 (18-6-1A)

It was moved by Trustee Mandelkern and seconded by Trustee Mohr to approve the items in board report 18-6-1A. The motion carried, all members voting Aye.

APPROVAL OF CONSENT AGENDA

President Holober said the consent agenda consists of board reports 18-6-1CA through 18-6-6CA as listed on the printed agenda. It was moved by Trustee Mohr and seconded by Vice President Goodman to approve the items on the consent agenda. The motion carried, all members voting Aye.

Other Recommendations

ADOPTION OF THE 2018-19 TENTATIVE BUDGET (18-6-102B)

It was moved by Vice President Goodman and seconded by Trustee Mohr to approve the tentative budget as presented.

Executive Vice Chancellor Blackwood thanked Budget Officer Rachelle Minong, who will be retiring soon, for all of the work she has done. She also thanked Chief Financial Officer Bernata Slater for her tremendous work on the budget.

Executive Vice Chancellor Blackwood said the tentative budget addresses the following budget guidelines:

- Board goals and District strategic plan
- Community needs
- Balance the budget projections in each of the next three years
- Use one-time funds for one-time expenses

Executive Vice Chancellor Blackwood said the state budget was adopted on June 14 and trailer bills will follow. The state budget includes a new funding formula, new online college, and funding for other miscellaneous programs. The new funding formula will be phased in over three years, beginning July 1. Highlights include:

- Base allocation – consists of current base formula (number of colleges and centers plus number of FTES) plus 80%-60% of current rate per FTES times three year average of FTES
- Ends stability funding and summer shift
- Equity allocation – approximately 10%-20% of dollars, allocated per student with Pell grant or CA Promise Grant and over 25 years of age or AB540
- Student Success allocation – approximately 10%-20% of dollars, allocated on a point system for certain degrees, certificates, CTE units or wage increase. Additional points for Pell students achieving this success.

Trustee Mandelkern asked if the Student Success allocation includes points for transfer. Chancellor Galatolo said this is included only for students who actually transfer. He said that as a member of the team that worked on the funding formula, he advocated for including students who are transfer ready. Trustee Mandelkern asked if it applies only for students who transfer to a UC or CSU. Executive Vice Chancellor Blackwood said it was expanded to include any accredited four-year institution.

Executive Vice Chancellor Blackwood outlined items that are not included in the new funding formula: Basic Skills students; students wanting a skill increase that is not at least nine CTE units or is not tracked for a wage gain; and anyone not looking for a degree or certificate. Trustee Mandelkern asked whether the District would be pushed further into community-supported status if its state level funding is lowered. Executive Vice Chancellor Blackwood said this could be the case; however, it would be affected by the consolidation of categorical programs (Student Success and Support Program, Student Equity and Basic Skills). This year, for the first time, districts were required to turn in a consolidated plan for these three plans and the state is funding it as one program. Funding for this is likely to be allocated on the metrics and outcomes in the new funding formula. Trustee Mandelkern asked if the District could lose its community-supported status if its state funding were to increase. Executive Vice Chancellor Blackwood said this will not happen because the District is far above the limit.

Executive Vice Chancellor Blackwood said the state budget includes an online college. It is considered a new college, with governance under the Board of Governors. Employees will collectively bargain with a different college. It will be accredited and students will earn badges. The online college cannot duplicate existing college content. Funding will consist of \$100 million one-time (over seven years) and \$20 million ongoing. Trustee Mandelkern asked if the duplication of content applies only to other online content or if it includes any existing college content. Executive Vice Chancellor Blackwood said the language is not clear, but she believes it refers only to online content. Chancellor Galatolo said the online college will not award degrees or certificates and, in this sense, is not very different from for-profit schools. Executive Vice Chancellor Blackwood said, however, that the online college may not charge more than the existing tuition fee of \$46 per unit. Trustee Mandelkern said the question is what content the online college will be

able to offer and what value it will have for students. President Holober asked if the use of the term badges is a new. Trustee Mandelkern it is used in online learning and Executive Vice Chancellor Blackwood said it is used in the community college system. Trustee Mandelkern said that at one point during the budget process, the faculty associations were objecting to the online college. He asked if anything was done to compromise with faculty. Executive Vice Chancellor Blackwood said it is required that faculty write the content. Chancellor Galatolo said faculty are still in opposition to the online college.

Executive Vice Chancellor Blackwood said other state programs include \$46 million for AB19, the College Promise; \$50 million for full-time faculty; and \$13.5 million one-time and \$5 million ongoing for financial aid technology. She said the federal Prosper Act reauthorizes the Higher Education Act; eliminates key financial aid programs such as the Supplemental Education Opportunity Grant program; spreads work study over more students, resulting in less per student; makes colleges responsible for disbursed aid that was unearned; and adds a twenty percent local match requirement to TRIO grants.

Executive Vice Chancellor Blackwood outlined the District's budget assumptions:

- State FTES Access/Growth (1% in the state budget) – does not affect the District
- State COLA (2.71% in the state budget) – does not affect the District
- Property tax increase – 7.30% in the tentative budget but has increased
- International FTES – planning on 3% growth based on International Education plan
- Inflation – 3.22% or best guess for each line item
- Student fees – no increase in rate; decrease due to Promise Program (waiving of fees)

Executive Vice Chancellor Blackwood said projected revenue for Fund 1 is \$185.9 million. The largest revenue source is property taxes and RDA funds, which together total approximately \$155 million, or approximately 84 percent of the general fund revenues. Other sources are student fees, Proposition 55 funds, non-resident tuition, lottery, interest, STRS on-behalf contribution, and other revenues. Projected expenses for Fund 1 total \$185.9 million. The largest expense is site allocations at \$147.6 million. Other expenses include retiree/other benefits (for the first time this year, the District will be charging a portion of retiree benefits to the trust fund instead of the general fund), utilities, telephone/hardware/software maintenance, formula adjustment/contracts, insurance, and other/one-time expenses. "Other expenses" include salary commitments (listed in "other" because the unions have not yet decided how to take their shares), credit card and banking fees, legal expenses, upcoming election expenses, and staff development. One-time expenses include Proposition 55, which extends the temporary personal income tax increases enacted through Proposition 30.

Executive Vice Chancellor Blackwood compared the District's revenue based on community-supported status vs. state revenue limit. Based on the revenue assumptions, she said the District will realize a benefit of at least \$67,152,679 as a result of being community-supported. She said the state revenue limit might decrease which would further increase the District's revenue over limit. Trustee Mandelkern said that if the state revenue limit goes down, the District could have double the revenue it would have if it was not community-supported. He said it would be useful to know how students are benefitting from this extra money, e.g. receiving a greater level of counseling or other things that would improve their success. Trustee Mohr said he believes it would be helpful to review the strategic plan, looking at goals such as improvements in success and completion rates. He said the Board would then be in a better position to examine how the extra revenue is bearing fruit. Chancellor Galatolo said Vice Chancellor McVean and his team will look into this and data will be brought to the Board. He said it will also include the increase in staffing and compensation for that staffing. Chancellor Galatolo added that the revenue limit system is grossly underfunded and, as a result, some of the extra money is used just to carry out effective teaching and learning.

Trustee Mohr asked for more information in relation to the International Education program. Executive Vice Chancellor Blackwood said the District takes in almost \$10 million and the costs of direct support are just under \$3 million; therefore, the District is netting approximately \$7 million from the program. She said the cost of instruction is minimal because students are mostly placed in already existing classes. She said that the entire \$7 million is given to the Colleges to use. She added that no local students are adversely affected by the International Education program because enrollment is declining and no local students who apply are turned away.

Chancellor Galatolo discussed the increase in the number of international students since 2011-12:

Year	No. of Students	% Growth
2011-12	146	
2012-13	304	108%
2013-14	456	50%
2014-15	646	30%
2015-16	996	54%
2016-17	1,335	34%
2017-18	1,481	11%

Trustee Mandelkern said he appreciated the information on international student revenues and expenses that Chancellor Galatolo sent to the Board:

Revenues

Non-Resident Tuition	\$	8,117,722
Enrollment Fees		1,602,640
Capital Outlay Fees		278,720
Total	\$	9,999,082

Expenses

Academic Salaries*	\$	269,260
Classified Salaries*		1,185,800
Benefits*		544,736
Materials & Supplies		79,078
Conference & Travel		348,324
Contracted Services		425,761
Other Operating Expenses		52,038
Total	\$	2,904,999
Net Profit	\$	7,094,083

*Estimated through June 30

Trustee Mandelkern asked if the expenses include all recruiting and travel costs, as well as fee waivers that are provided to some international students. Chancellor Galatolo said the expenses include all recruiting and travel costs but do not account for fee waivers. He said he believes the total number of fee waivers provided since the program started is 26 and they range from \$500 to a full tuition reduction, which can be as high as \$2,000. He noted that waiving fees does not mean that money is given to a student; rather it means that the District is not collecting the fees from that student.

President Holober said the information provided by Chancellor Galatolo shows non-resident tuition revenue at \$8.1 million and enrollment fees at \$1.6 million. However, the table in the tentative budget shows non-resident tuition at \$9.6 million and shows no line item for the enrollment fees. Chancellor Galatolo clarified that (1) the \$9.6 million in non-resident tuition shown in the tentative budget includes \$8.1 million for international students and \$1.5 million for out-of-state domestic students, and (2) the \$1.6 million in international student enrollment fees are embedded in the \$9.7 million "Student Fees" line item in the tentative budget. Trustee Mohr said it would be interesting to learn the majors of international students, to what level they participate in student life, etc. in order to understand at what level they are enriching the curriculum and the community. Executive Vice Chancellor Blackwood said staff will prepare a report on this item.

Executive Vice Chancellor Blackwood reviewed other funds, including Internal Service, Debt Service, Restricted Fund, Capital Projects, Enterprise/Auxiliary, Special Revenue, Student Aid, and Reserve for Post-Retirement Benefits.

Executive Vice Chancellor Blackwood said the Promise Scholarship Program is a Districtwide program for all eligible students. Students must be full-time, first-time students and must have recently graduated from high school or earned a GED. This is a last dollar grant which may waive or provide:

- Enrollment fees
- Health, student body/rep/union fees
- Materials and Inclusive Access fees
- Up to \$750/year for textbooks
- Up to \$50/month for food or transportation

Funding for the Promise Scholarship Program for 2018-19 is provided by Auxiliary Services (\$400,000), Foundation (\$300,000), Housing (\$300,000), and the general fund (\$1,000,000). The program will serve up to 1,500 students in 2018-19 and it is hoped that the number can be increased in 2019-20. Vice President Goodman said students earn GEDs throughout the year. He asked if slots are set aside for these students. Cherie Colin, Director of Community Relations/Marketing at Skyline College, said students must have graduated between December 1 and the current date. If they do not fall within this timeframe, they must wait until the following year to apply.

Executive Vice Chancellor Blackwood said the Accelerated Study in Associate Programs (ASAP) received a \$3 million Innovation Grant from the state to implement the program at College of San Mateo and Cañada College, along with three additional colleges in California. It will add intensive support and counseling for students. Executive Vice Chancellor Blackwood said he District has seen proven results from the program at Skyline College.

Executive Vice Chancellor Blackwood discussed employer contribution increases for STRS and PERS. She said the PERS rates will go up to 27.3% in 2024-25 and STRS rates will go up to 20.25% by 2022-23. She said the increase between 2013-14 and now for the STRS and PERS budget has been approximately \$10 million, or 125%. She said the CalPERS Board has the authority to change the rate and has done so to the extent that it is not what was originally anticipated or what they laid out in previous years. She said CalSTRS has the rate set in law but has the ability to increase the rate an additional 1.15% beyond the 20.25%. Trustee Mohr asked that the increases be shown on a bar graph in order to more easily understand the impact. Executive Vice Chancellor Blackwood said she will provide this.

Chancellor Galatolo said he believes the time has come to seriously consider forming a coalition with K-12 schools and other community colleges. He said the STRS and PERS increases are crippling schools. He said he believes it is fiscally irresponsible for PERS to be redirecting these funds away from students and burying them in their fund. Chancellor Galatolo said that as a CPA, he knows that it makes no sense to fully fund a retirement system. He said the funds should be working to advance the interests of students. President Holober said he believes this is a crucial discussion to have in the near future.

With regard to the 50 Percent Law, President Holober asked if an increase in STRS for faculty who are in the classroom is allocated as a cost for classroom instruction. Chancellor Galatolo said it is. Executive Vice Chancellor Blackwood said Districts could in the past count retirement benefits for faculty toward the 50 Percent Law but can no longer do so.

Executive Vice Chancellor Blackwood said this year's issues are:

- Promise Program/ASAP
- 50 Percent Law
- International Education
- Accreditation
- Guided Pathways

Regarding accreditation, Chancellor Galatolo said the ACCJC is under new leadership. He said their recent report shows that not one institution was sanctioned and the numbers are starting to look like the national averages again.

Trustee Mandelkern said the Board's discussion regarding the 50 Percent Law should continue prior to the presentation of the final budget. He said he would like to see a calculation showing how far the District is from being in compliance

with the law. He said he would also appreciate more information on the College of Marin case that was referenced by AFT at a recent meeting.

Trustee Mohr said it is important to look at the historical context of the 50 Percent Law and how it is being applied around the state. He said it is also important to understand the potential impact of the law on the strategic plan.

President Holober said the final budget will be presented for action in September. He said there is more to learn about varying perspectives on the 50 Percent Law. He said his point of view is that the District should be in compliance with the law but he may be able to be persuaded otherwise. He said that between now and September, unless he is persuaded otherwise, he will be looking for a budget that brings the District into compliance with the law. He said he would expect that there be instructions to carry through with some oversight on how the budget is actually being translated into income and expense.

President Holober said that in the last section of the tentative budget, Sound Fiscal Management; 2018-19 Self-Assessment Checklist, it is stated twice that "The District has chosen to not be in compliance with the 50 Percent Law." He said this is not a factual statement because it implies a statement of policy. He asked that these two statements be removed before approval of the tentative budget and that only the factual statement that "The District failed to meet the required 50 percent minimum" be left in the report. The Board agreed and voted unanimously to approve the tentative budget with this edit.

President Holober left the meeting at this time and Vice President Goodman presided over the remainder of the meeting.

INFORMATION REPORTS

INFORMATION ON COLLEGE AND CAREER ACCESS PATHWAYS PARTNERSHIP AGREEMENT BETWEEN SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT AND SEQUOIA UNION HIGH SCHOOL DISTRICT (18-6-1C)

The Board accepted the report.

INFORMATION ON COLLEGE AND CAREER ACCESS PATHWAYS PARTNERSHIP AGREEMENT BETWEEN SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT AND SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT (18-6-2C)

The Board accepted the report.

COMMUNICATIONS

None

STATEMENTS FROM BOARD MEMBERS

Student Trustee AbdAlJawad said she is pleased to be the student trustee and will do her best to do a good job. She said she attended a conference in New Orleans on race and ethnicity and participated in workshops on how to navigate through Hispanic Serving Institutions (HSIs) and Predominantly White Institutions (PWIs) and how to advocate for students who are different from herself.

Trustee Mandelkern welcomed Student Trustee AbdAlJawad to the Board. He congratulated and thanked Chancellor Galatolo for leading the statewide charge against a bureaucracy at the ACCJC that had gotten badly out of control and was not working in the interest of improving community college education in the State of California. Trustee Mandelkern congratulated Nancy Magee who is the newly elected County Superintendent of Schools. He also congratulated Sheriff Bolanos, County Supervisors Horsley and Groom, Controller Raigoza and Treasurer Arnott on their re-election, along with other state and county officials.

Trustee Mandelkern said he is pleased to see the hiring of many new faculty members, which was approved earlier during this meeting.

Trustee Mohr said that on June 6, the country honored the memory of Bobby Kennedy, a great moral leader, who was murdered on the heels of the murder of Martin Luther King, Jr., one of the greatest moral leaders the United States has ever seen. He said the country paid a terrible price for the lack of moral leadership during the time of the Vietnam War,

when these murders occurred. He said we are now living in a time when moral leadership is critical. He said the Board's leadership is important and it took a strong stand on social justice and DACA students. He said he would like to review the Board's statements and discuss how the Board exercises moral leadership throughout the District.

ADJOURNMENT

The meeting was adjourned by consensus at 7:25 p.m.

Submitted by

Ron Galatolo, Secretary

Approved and entered into the proceedings of the July 11, 2018 meeting.

Maurice Goodman
Vice President-Clerk