Imperial Community College District and California School Employees Association (Case No LA-IM-3783-E) - 2014

This is an Impasse concerning a reopener agreement between the Imperial Community College District and the California School Employees Association, Chapter 472. The District's panel member was Bruce Barsook (with Liebert, Cassidy, Whitmore), and the Association's panel member was Michael Breyette (Sr. Labor Relations Representative from CSEA's San Diego Field Office). By mutual agreement Tony Butka served as the neutral Chair of the Panel.

A hearing was held at the District Offices on Tuesday July 15th, where all parties were represented by counsel and afforded an opportunity to introduce evidence, testimony, and argument as to their respective positions. At the conclusion of the hearing, a post-hearing schedule was agreed upon where the Chair would deliver a Draft Report to the parties by Friday July 23rd, giving the parties an opportunity to review the draft and comment. Thereafter the matter was deemed submitted and this final Report will issue forthwith.

Background

On October 12, 2012, the Imperial Community College District and CSEA Chapter 472 entered into a three year agreement for the period July 1, 2012 thru June 30, 2015. Contained within that agreement was a provision for reopeners on "*Article 8 (Salary), Article 10 (Insurance), and one other article of choice.*"

Within approximately one month from the execution of this agreement, the District sunshined a proposal for the 2013-14 Fiscal Year. The parties met from March through August 29. At that time the District presented a last, best & final offer, which was rejected by CSEA, and the District declared Impasse.

The State Mediation & Conciliation Service assigned Don Raczka as the mediator in this matter, and two sessions were held, one in November and another in January. Mediation being unsuccessful, Mr. Raczka certified the Impasse for Factfinding, and the undersigned was ultimately selected by the parties as Chair of the Panel.

Issues At Impasse

On its surface, the impasse issue is simply one of Bargaining 101 - The District wishes to retool their existing 15 step salary schedule, with its 5% differential between each step, and collapse it into a 9 step salary schedule with a 3% increment between each step. Under normal circumstances, this would be standard fare for bargaining; the District would have the right to propose a reorganization of the salary schedule, and the Union would have the right to negotiate over that proposed change. And ultimately a fact-finding panel would be recommend a rational solution to the impasse.

What is **not** normal in this case is the presence of an external 800 pound gorilla -- a State FCMAT (Fiscal Crisis & Management Assistance Team) Management Review of the college dated December 3, 2012, and a follow-up report dated April 30, 2014.

While the term FCMAT on its surface simply sounds like another organizational figment of the bureaucracy, it is much, much more. The agency is charged with 'helping' various k-14 schools who are on a path to insolvency, and the results of their work can ultimately cause a District to wind up on the statewide "Watch List", with serious economic consequences for the District, and ultimately their accreditation could be at risk.

The Imperial Valley Community College District has unfortunately had ample opportunity to interface with FCMAT – we have in the record a Management Review dated December 3, 2012, a Report of Follow-up dated April 30, 2014, and a memo dated July 8, 2014, indicating that:

> "Imperial Valley College has been notified that it is one of seven community Colleges in the state that has been continued in a "Warning" status as the Result of a follow-up evaluation and visit conducted by the Accrediting Commission for Community and Junior Colleges this spring."

FCMAT and Collective Bargaining

From the Chair's perspective, it abundantly clear that the criteria utilized by FCMAT and the criteria utilized in a statutory factfinding process are not necessarily congruent. There are at least two fundamental differences between the approach taken by the FCMAT team and what would pass for ok in collective bargaining.

First, FCMAT chose the following four Districts for comparability purposes with Imperial CCD; College of the Desert, Hartnell College, Monterey Peninsula College, and Shasta-Tehama-Trinity College. While these four colleges may or may not be comparable for purposes of looking at faculty, they are certainly of little utility in looking at the classified employees of the Imperial Community College District.

While the labor market for community college faculty is probably statewide, the labor market for classified employees is definitely local, not statewide. These are the folks who tend to live, work in, and send their children to the local schools. They are an integral part of the community. The labor market for them is not a statewide market.

Under the Fact-finding procedures of EERA, one of the mandated criteria in evaluating compensation is:

(4) Comparison of the wages, hours, and conditions of employment of the employees involved in the factfinding proceeding with the wages, hours, and conditions of employment of other employees performing similar services and with other employees generally in public school employment in comparable communities.

I suspect that utilizing these criteria might lead to a different conclusion than the one memorialized by the FCMAT team, at least for classified employees. And at a minimum, there would be a discussion and attempt to mutually agree between the parties as to which schools to utilize as comparable for collective bargaining purposes.

However, and here's the rub, it really doesn't ultimately make a lot of difference what a factfinding panel recommends – the FCMAT process is the one which the Community College District must follow or ignore at their peril – with the ultimate risk of the loss of accreditation.

With that in mind, let's look at the second major conclusion of the FCMAT Report dealing specifically with classified employees:

"Classified employee costs increased substantially. Classified manager costs tripled Over the seven-year period, increasing from $381,000 to $1,100,000 in 2012-13.... ", and

"The classified salary schedule was amended in 2006-07, increasing the number of annual steps to 15, each reflecting a 5% improvement on the salary schedule. The increase in costs combined with fewer employees suggests the change in 2006-07 is having a major impact on the colleges financial condition. This contractual obligation will continue for years and created a financial burden that will need to be maintained even in the absence of new revenue."

For purposes of this bargaining unit, we can immediately factor out the tripling of classified management salaries – the District has ample ability to modify these staffing level issues outside of this bargaining unit's purview. What remains is the 15 step salary schedule. If movement between the steps of the salary schedule were automatic, the FCMAT Report would be valid. However, the collective bargaining history here demonstrates a few years of furloughs and frozen step placement. Remember, in k-14 education, step advancement is **not** automatic – it is simply a mandatory subject of bargaining each year. For the last few years there has been no step advancement, which makes the 15 step schedule look less excessive than it might appear to an outsider.

Still, this is a major recommendation of the FCMAT Report, and the District cannot ignore this major recommendation.

The New Salary Schedule – Major Issue in Dispute

The real issue preventing an agreement is the District's proposal to collapse the existing 15 step plan with its 5% increments into a 9 step plan with 3% increments. While CSEA vigorously disputes the need to make this radical change, it is clear from the record that something like this is in line with the FCMAT recommendations above.

In the collective bargaining world, these types of major restructuring of a salary schedule pose two very practical problems. First, there is the question of whether the proposal disproportionately advantages newer employees at the expense of more seasoned employees. Second, there is the question of who goes where on the new salary grid, and thus, who are the 'winners' and who are the 'losers'. In the District's last, best & final offer, the Union is adversely affected both ways.

Here is where the devil lies in the details of the District's last, best & final offer:

"Remove Ranges 1-7 (Vacant anyhow)
Remove steps 1-3 (Step 4 becomes step 1)
5 steps with 3% increase between steps
Add 4 longevity steps at 3% each (upon reaching 10 years, 15 years, 20 years, and 25 year anniversary dates, effective July 1st after the anniversary is reached
Anyone who is above the new schedule maximum will be "Y rated", maintaining their July 1, 2013 salary level."

By any measure this proposal is complicated, so I have prepared a spreadsheet using the example given by the District for a Range 8 employee, comparing the current salary schedule and the proposed salary schedule. Since the result is too wide to fit on letter sized paper, it is attached as Exhibit 1 of this Report.

What the spreadsheet shows is that any incumbent bargaining unit employee over step 6 on the current schedule will be Y rated at a minimum salary of $111/month over scale, up to a maximum of some $2000/month if they are currently on step 15. An employee on current step 8 would be Y rated at $4178, and would not see an increase unless/until they reach 20 years of service and go to Longevity step 3 at $4227/month.

Current Step Placement Information

At hearing, the Chair requested and the District provided current step placement information for the CSEA bargaining unit. I have attached that two page document as Exhibit 2 of this Report.

The step placement information reveals that some 62 of the 114 current bargaining unit employees are at or above step 8 of the current salary schedule, which becomes the new top step 5 of the proposed schedule. Remember, even that comparison is flawed, because the new step 5 is based on a five step range with 3% increments instead of 5% increments. So, to continue with the example of Range 8:

OLD	4	5	6	7	8
SCHEDULE	$3437	$3609	$3789	$3979	$4178
NEW	1	2	3	4	5
SCHEDULE	$3437	$3540	$3646	$3756	$3868

Note: all salaries are monthly

If you use our example of Range 8, there are a total of 12 incumbents on the range, which would mean that 6 of the 12 incumbents would be Y rated.

What this all means for the bargaining unit as a whole is that each and every one of the 114 incumbents will have to take a look at the new salary schedule and perform two separate calculations. First, they will have to look and see what step of their range they are currently on, and how that compares with the new salary schedule. If they are over the first step of the top step of the new schedule, they will be Y rated. They then have to look at the Longevity steps, to see if that will make any difference in their Y rate amount, or whether they will receive a raise.

The Role of Budget Reserves in Bargaining with CSEA

Basically, as an affirmative defense in support of their position, CSEA argues that the type of cuts proposed would not be necessary if the District had not recently increased their policy regarding reserve levels up to 16.6% in early 2014. Previously, the reserve levels had been steadily declining, were hovering around 7% at one time, and were trending towards 0% .

Three facts argue against CSEA's position on the appropriate reserve amounts for the College. First, according to the District's own findings, their reserves are declining rapidly, from 6.87% in FY 2013/14 to 5.73% in FY 14/15, and projected at 1.7% in FY 15/16. Second, in the July 3, 2014 Warning and Follow-up letter from the Accreditation Commission itself, a part of Recommendation 8 was for the College to have "*a financial strategy that will result in balanced budgets that have ongoing revenues to meet or exceed its ongoing expenditures without the use of reserves; maintain the minimum prudent reserve level; and address funding for its long term financial commitments and its retiree health benefits costs.*"

The third fact is that the action taken by the District in establishing a reserve goal is purely a policy determination made by the elected officials, and they are within their rights to determine that a 16.6% goal is appropriate. Particularly in light of the Warning and Follow-up Report.

Final Thoughts

In trying to blend the interests of the Association and the District, this Fact-finding panel is seriously limited by recent developments in the ongoing accreditation of the college itself. In their letter dated February 7, 2014, the Accrediting Commission for Community and Junior Colleges wrote specifically that a Special Report is due from the College on:
"The actions taken by the district to address the permanent fixed costs resulting from mandated entitlements in the District's collective bargaining contracts."

This is not subtle. Nor is the specific language on page 3 of the same letter:
"*For classified support personnel, change salary schedule organization to limit the number of longevity increments available. Currently employees are on a 15 step*

schedule with 5% increases per step. The college needs to determine the number of steps it can afford to offer."

Not only this, the most recent follow-up letter from the Accrediting Commission dated July 3, 2014 continues to keep the college on Warning, and further requires another Follow-Up Report by March 15, 2015.

In the face of this financial donnybrook, it would be foolish and/or imprudent for a Fact-finding panel to challenge the assumptions and analysis of the FCMAT Report and subsequent documents. From the standpoint of collective bargaining, there may be flaws in the FCMAT report(s), but from the standpoint of the survival of Imperial Community College District it doesn't really matter. In order to survive, the District must comply.

It is recognized that this puts CSEA and its members in an untenable position. The net results of the last, best & final offer place virtually all of bargaining unit in the position of determining how bad the implications will be for each person on each range of the revised salary schedule, and whether and/or when they will ultimately recover from their Y rates.

Based on this recognition, it is doubtful that CSEA could ratify anything close to the last, best & final offer even if they wanted to. Therefore, these recommendations are based on an assumption that there is no likely path to a deal through this Report and Recommendations.

Recommendations

It is recommended that the District implement their last, best and final offer with one exception. That exception has to do with the District retroactively being reimbursed by employees from the date of implementation back through the fiscal year for the difference between the new salary schedule amounts vs. the amount the employees actually received.

It is believed that the net impact of these major changes to the salary system are sufficient to generate revenues over time sufficient to both meet the mandates of the FCMAT/Accreditation Commission for permanent solutions, and that the one time fund differences will still allow the college to move forward in FY 14/15 and 15/16 in a manner consistent with the Warning.

Respectfully submitted,

Tony Butka

Tony Butka
Chair, Imperial CCD
Fact-finding Panel

Dated: 8/5/14
August 5, 2014

Imperial Valley CSD Salary Schedule
Comparison Using Range 8
Current vs. Proposed Rates

EXHIBIT 1

CURRENT															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	$2,968.00	$3,117.00	$3,273.00	$3,437.00	$3,609.00	$3,789.00	$3,979.00	$4,178.00	$4,386.00	$4,606.00	$4,837.00	$5,077.00	$5,332.00	$5,599.00	$5,879.00
NEW				1	2	3	4	5		Longevity1	Lngevity2	Longevity3	Longevity4		
				$3,437.00	$3,540.00	$3,646.00	$3,756.00	$3,868.00		$3,984.00	$4,104.00	$4,227.00	$4,354.00		

Range	Steps 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Totals
1	$21,552	$22,632	$23,760	$24,948	$26,196	$27,504	$28,884	$30,336	$31,848	$33,444	$35,112	$36,864	$38,712	$40,644	$42,672	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	$22,200	$23,316	$24,492	$25,692	$26,976	$28,344	$29,748	$31,248	$32,796	$34,440	$36,168	$37,968	$39,864	$41,858	$43,956	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	$22,872	$24,024	$25,200	$26,472	$27,804	$29,184	$30,648	$32,172	$33,780	$35,472	$37,248	$39,108	$41,064	$43,116	$45,264	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	$23,556	$24,744	$25,968	$27,252	$28,632	$30,072	$31,560	$33,156	$34,800	$36,540	$38,364	$40,296	$42,300	$44,412	$46,632	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	$24,264	$25,464	$26,736	$28,092	$29,496	$30,960	$32,508	$34,140	$35,832	$37,632	$39,516	$41,496	$43,572	$45,744	$48,024	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	$24,996	$26,232	$27,564	$28,920	$30,372	$31,896	$33,492	$35,172	$36,924	$38,772	$40,704	$42,732	$44,868	$47,124	$49,476	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	$25,728	$27,024	$28,380	$29,796	$31,284	$32,832	$34,488	$36,216	$38,028	$39,912	$41,928	$44,028	$46,224	$48,528	$50,964	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	$26,520	$27,840	$29,220	$30,684	$32,220	$33,828	$35,520	$37,296	$39,156	$41,124	$43,176	$45,348	$47,616	$49,980	$52,488	
	0	3	0	2	0	1	0	1	1	2	1	0	1	0	0	12
9	$27,300	$28,668	$30,108	$31,620	$33,192	$34,848	$36,588	$38,424	$40,344	$42,360	$44,472	$46,692	$49,032	$51,492	$54,060	
	1	0	0	1	0	1	1	0	0	0	0	0	0	0	0	4
10	$28,128	$29,532	$30,996	$32,544	$34,188	$35,904	$37,692	$39,576	$41,556	$43,632	$45,816	$48,108	$50,496	$53,028	$55,668	
	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	2
11	$28,968	$30,420	$31,944	$33,528	$35,220	$36,972	$38,820	$40,764	$42,804	$44,928	$47,196	$49,548	$52,020	$54,624	$57,348	
	0	0	0	4	0	1	0	0	0	2	1	0	0	1	0	9
12	$29,844	$31,344	$32,904	$34,536	$36,264	$38,076	$39,996	$42,000	$44,088	$46,284	$48,600	$51,036	$53,580	$56,268	$59,076	
	0	0	0	3	2	0	1	0	1	1	3	1	1	0	0	13
13	$30,732	$32,268	$33,888	$35,568	$37,356	$39,228	$41,172	$43,236	$45,408	$47,676	$50,052	$52,560	$55,200	$57,948	$60,840	
	0	0	1	2	1	0	1	2	0	2	1	0	0	0	0	10
14	$31,656	$33,240	$34,908	$36,648	$38,484	$40,404	$42,420	$44,544	$46,764	$49,116	$51,552	$54,132	$56,844	$59,688	$62,664	
	1	0	1	2	0	2	1	1	0	1	2	0	1	0	0	12
15	$32,604	$34,236	$35,952	$37,740	$39,624	$41,604	$43,692	$45,876	$48,168	$50,568	$53,100	$55,764	$58,560	$61,476	$64,536	
	0	0	0	0	1	0	0	1	0	0	0	1	0	0	1	4
16	$33,576	$35,268	$37,032	$38,868	$40,824	$42,864	$45,000	$47,256	$49,620	$52,092	$54,708	$57,432	$60,312	$63,336	$66,492	
	0	0	0	1	0	0	1	0	0	1	1	0	0	0	0	4
17	$34,584	$36,312	$38,124	$40,044	$42,048	$44,160	$46,356	$48,672	$51,096	$53,664	$56,340	$59,148	$62,124	$65,220	$68,484	
	0	0	0	0	0	0	1	0	0	0	0	0	0	1	1	3

18	$35,616	$37,404	$39,276	$41,244	$43,308	$45,468	$47,748	$50,136	$52,632	$55,272	$58,044	$60,924	$63,984	$67,188	$70,548	
	0	0	0	1	1	0	0	0	0	7	1	1	0	1	1	13
19	$36,708	$38,532	$40,452	$42,480	$44,604	$46,836	$49,176	$51,636	$54,228	$56,916	$59,784	$62,748	$65,904	$69,204	$72,660	
	0	1	0	2	0	0	0	1	1	1	1	0	1	0	0	8
20	$37,788	$39,672	$41,664	$43,752	$45,948	$48,240	$50,664	$53,184	$55,836	$58,632	$61,572	$64,644	$67,884	$71,268	$74,832	
	0	0	0	0	0	0	0	0	0	0	1	1	0	0	1	3
21	$38,928	$40,872	$42,912	$45,072	$47,328	$49,692	$52,176	$54,780	$57,516	$60,396	$63,420	$66,576	$69,912	$73,404	$77,076	
	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	2
22	$40,104	$42,108	$44,208	$46,416	$48,732	$51,180	$53,736	$56,424	$59,244	$62,208	$65,316	$68,580	$72,024	$75,612	$79,392	
	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	2
23	$41,304	$43,368	$45,528	$47,808	$50,196	$52,716	$55,344	$58,116	$61,020	$64,080	$67,272	$70,632	$74,172	$77,880	$81,768	
	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
24	$42,540	$44,664	$46,896	$49,248	$51,708	$54,300	$57,012	$59,868	$62,856	$65,988	$69,288	$72,756	$76,392	$80,208	$84,216	
	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0	3
25	$43,824	$46,008	$48,300	$50,724	$53,256	$55,908	$58,716	$61,656	$64,728	$67,968	$71,364	$74,940	$78,684	$82,632	$86,760	
	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	2
26	$45,132	$47,400	$49,752	$52,236	$54,852	$57,600	$60,480	$63,504	$66,684	$70,008	$73,512	$77,184	$81,048	$85,092	$89,340	
	2	1	0	1	0	0	0	0	0	0	0	0	0	0	0	4
27	$46,476	$48,804	$51,252	$53,808	$56,508	$59,328	$62,304	$65,412	$68,688	$72,120	$75,720	$79,500	$83,484	$87,660	$92,052	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	$47,880	$50,268	$52,788	$55,416	$58,200	$61,104	$64,164	$67,380	$70,740	$74,280	$77,988	$81,888	$85,980	$90,288	$94,800	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	$49,332	$51,780	$54,372	$57,084	$59,940	$62,940	$66,096	$69,396	$72,864	$76,512	$80,328	$84,336	$88,560	$92,988	$97,644	
	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1
30	$50,796	$53,328	$56,016	$58,800	$61,740	$64,824	$68,064	$71,472	$75,048	$78,804	$82,740	$86,868	$91,224	$95,784	$100,572	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	$52,308	$54,936	$57,672	$60,564	$63,600	$66,780	$70,104	$73,608	$77,304	$81,168	$85,224	$89,484	$93,960	$98,664	$103,584	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	$53,880	$56,580	$59,400	$62,388	$65,496	$68,784	$72,228	$75,828	$79,620	$83,604	$87,780	$92,172	$96,768	$101,616	$106,704	
	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	2
Totals	5	6	2	20	8	5	6	6	4	20	14	5	5	4	4	[redacted]

CONCURRENCE AND DISSENT OF PANEL MEMBER BRUCE BARSOOK

I support the Chairperson's recommendation that the District's proposed Last, Best and Final offer should be implemented. He appropriately recognizes that the District is faced with significant financial challenges that must be addressed and resolved now. As the Chair notes, both the State's Fiscal Crisis & Management Assistance Team (FCMAT), and the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges (Commission), note that the District is in financial peril and needs to take immediate and dramatic steps to address its situation (See Attachments 4.E, 5A, 5B, 5C to the District Fact Finding Book and District Exhibit 1).

Both FCMAT and the Commission note that in the past the District made a number of decisions without (adequate) consideration of its ability to pay for them in the future. Both entities point to the 15-step pay scale, as well as the 5% gradations between steps as components of the District's financial problems. Indeed, the Commission calls the salary schedule "unsustainable." (Dist. Ex.1) FCMAT and the Commission also indicate that the District must develop a financial strategy that will result in balanced budgets that have ongoing revenues to meet or exceed its ongoing expenditures without the use of reserves, maintain a prudent reserve and address funding for its long term financial commitments.

The Accreditation Commission notes that although the District has been working hard to resolve its recommendations, the speed at which it is implementing the changes is unacceptable. Instead of the measured approach the District has utilized thus far, the Commission indicates in its April 30, 2014 letter to the District that the College "should accelerate its efforts and, if necessary, take drastic steps to come into full compliance in the next year" (ie., 2014/15).

The Chair also correctly notes that the District has been placed on "Warning" by the Commission, for both 2013/14 and 2014/15, and must submit a Follow-up Report by March 15, 2015 which shows how the District has addressed the concerns raised in the Commission's various reports. Failure to take effective action could result in a loss of accreditation and/or takeover by the State.

While the Chair appropriately recommends implementation of the District's Last, Best and Final offer, he also recommends that the proposed changes not be made retroactively. Regrettably, I cannot support that portion of his recommendation, as it is inconsistent with the direction provided by FCMAT and the Commission, and inconsistent with the factors used by the Chair to recommend implementation of the District's Last, Best & Final offer, ie., a dire financial condition, and an immediate need to adopt balanced budgets that have ongoing revenues meet or exceed expenditures without the use of reserves, while maintaining a prudent reserve and a focus on addressing funding for its long term financial commitment.

As disclosed during the fact finding proceeding, the District is faced with an approximate $700,000 deficit for the 2014/15fy. Failure to make the proposed changes retroactive would cost the District an additional $40,000 - $50,000 for the 2013/14fy and an undetermined amount for the 2014/15fy. (Attachment 4a)[1] Requiring the District to incur this cost would increase the size of the deficit, which is inconsistent with financial prudence and the direction given by the Commission. Even assuming the District were able to make additional cuts to offset the impact of the Chair's recommendation, at this time of year the reductions would likely come from classified employee costs, which doesn't seem to help resolve things. Moreover, adding to the deficit at this time is inconsistent with the Commission's direction that the District should be focusing on responding to long term financial commitments. At the hearing the parties discussed the projected significant increased costs for retirement (for both classified employees and academic employees). As the Commission and FCMAT also note, the rising cost of insurance needs to be addressed promptly. Adding to the deficit now, simply makes the job of controlling costs that much tougher.

In addition, other employee groups in the District, including confidential employees, managers/supervisors, and faculty, have already made sacrifices consistent with the District's Last, Best and Final offer. If the District's offer is not made retroactive, CSEA unit members will be treated more favorably than they, which will either invite further pressure on the District to treat them similarly, thus increasing the District's budget deficit, or treating them less favorably without a legitimate justification.

I recognize that the District's proposal represents a reduction in compensation for many CSEA unit members. I have no reason to doubt that CSEA negotiated the current compensation provisions in good faith and with an expectation that they would remain in place for many years to come. The District however, has been living beyond its means and for everyone's sake must change that "lifestyle" so that it and its employees can continue to live. While the medicine may seem bitter to some, it is necessary.

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1 District estimated the unrestricted general fund cost at ~$40,000. When employees who are funded by categorical funds are included the amount is likely to increase to in excess of $50,000.

Michael Breyette, Senior Labor Relations Representative
CALIFORNIA SCHOOL EMPLOYEES ASSOCIATION
6341 Nancy Ridge Drive
San Diego, CA 92121

IN THE MATTER OF THE FACTFINDING BETWEEN THE IMPERIAL VALLEY COMMUNITY COLLEGE DISTRICT	) FACTFINDING) CHAIR: MR. TONY BUTKA
AND	) CASE NO LA-IM-3783-E
	) DISSENT BY ASSOCIATION PANEL MEMBER
CALIFORNIA SCHOOL EMPLOYEES ASSOCIATION AND IT'S IMPERIAL VALLEY COLLEGE (IVC) CHAPTER #472	) DATE: AUGUST 4, 2014

INTRODUCTION

As the Association's representative on the panel, I dissent to Mr. Tony Butka's factfinding report in its current form for reasons expressed below.

ISSUE

The college wishes to retool the existing collectively bargained 15 step salary schedule, with a 5% differential between each step, and collapse it into a 9 step salary schedule with a 3% increment between each step.

BACKGROUND

Mr. Butka's emphasis on the day of the factfinding was less about eliciting the facts which brought the parties to the impasse, and more about conducting a mediation session in an attempt to reach settlement. Both parties were asked by Mr. Butka to pare down their factfinding presentations in order to be completed within a 30 minute time limit. The remaining time in the day was dedicated to attempts by Mr. Butka to attain settlement, including by repeatedly telling the Association and its members, to just settle or risk unilateral imposition later. It is clear to me that the facts included in CSEA's presentation were not fully considered during this process, and as a result, the parties have been deprived of an even-handed recommendation from the panel with a reasonable path forward. The factfinding report in its current form quickly travels the path of unilateral implementation without considering relevant facts such as the PERB regulations or the repercussions of such a drastic, inappropriate recommendation for how the parties should move forward.

PERB REGULATIONS

The factfinding panel is required to consider, weigh, and be guided by all of the following criteria codified in California Government Code §3548.2:

1. *State and Federal laws that are applicable to the Employer.*
2. *Stipulations of the parties.*
3. *The interests and welfare of the public and the financial ability of the public schools employer.*
4. *Comparison of the wages, hours, and conditions of employment of the employees involved in the factfinding proceeding with the wages, hours, and conditions of employment of other employees performing similar services and with other employees generally in public school employment in comparable communities.*
5. *The Consumer Price Index for goods and services, commonly known as the cost of living.*
6. *The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays, and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.*
7. *Such other facts, not confined to those specified in paragraphs 1 through 6, inclusive, which are normally and traditionally taken into consideration in making such findings and recommendations.*

The Association tailored its entire presentation around these criteria. The college presentation focused on a report they commissioned from the Fiscal Crisis & Management Assistance Team (FCMAT) dated December 3, 2012.

BARGAINING HISTORY

On October 12, 2012, the Imperial Valley Community College District and CSEA Chapter 472 entered into a three year agreement for the period July 1, 2012 through June 30, 2015. Within approximately one month of that agreement, the college sunshined major concessions for the 2013-14 Fiscal Year. The college passed four proposals and declared impasse. Every proposal substantially same as the one before it, albeit with some additional details. (Exhibit 1)

THE FCMAT REPORT

The FCMAT report does not recommend the crafting of any specific proposal. The recommendation is more general, and absent in the factfinding report:

> *"For classified support personnel, change salary schedule organization to limit the number of increments available. Currently employees are on a 15 step schedule with 5% increases per step. The college needs to determine the number of steps it can afford to offer."* (Exhibit 2)

CSEA has offered proposals, formally and informally, to meet this recommended metric during the bargaining and factfinding process. The college cannot claim the same movement. The college proposal for the salary schedule concession is the same today as it was on March 19, 2013. Over a year has passed and the finances of the college and the State have improved drastically; yet, the college's concessionary proposal has not changed in over a year to reflect these new realities. Mr. Butka states in his report:

> *"…it would be foolish and/or imprudent for a Fact-finding panel to challenge the assumptions and analysis of the FCMAT Report and subsequent documents. From the standpoint of collective bargaining, there may be flaws in the FCMAT report(s), but from the standpoint of the survival of Imperial Community College District it doesn't really matter."*

The Association vehemently disagrees with this assertion. The FCMAT recommendations do not supersede the parties' statutory duty to collectively bargain or the panel's statutory duty to elicit facts and recommend a reasonable path forward to the governing body in accordance with PERB regulations. If this panel is not tasked to review the proposals between the parties from a collective bargaining standpoint, who does?

PERB regulations are clear and specific as to the factfinding process and its use in extracting the facts from a bargaining impasse to suggest an amicable path forward. It is this panel's duty to review this matter from an objective standpoint which centers on *collective bargaining.* Failing to make an even-handed recommendation based on the facts presented injects uncertainty and chaos into the post impasse process.

Of all the items missing from the factfinding report, the one that is hardest to deal with is that not one shred of evidence was ever produced through this process that the CSEA salary schedule actually has had an impact on college finances. Out of eleven FCMAT recommendations for negotiations, CSEA is only referenced for two changes; one of which has already been negotiated, and the other which CSEA has offered proposals to cover multiple times during the past several months. (Exhibit 3)

CSEA CONCESSIONS

CSEA has taken more concessions than any other employee group over the past several years, which includes furlough days, reductions, and the elimination of retiree health benefits. While those concessions were certainly significant in nature, the unit has also agreed to several freezes to the salary schedule currently in question over the past several years. Contributions on health insurance have increased up to $1,200.00 a year per employee. With concessions of this significance it is both surprising and alarming that CSEA is now in the position of having to shoulder the burden of increasing college reserves to 16.6%.

BUDGET RESERVES

In the report Mr. Butka states:

> *"...the action taken by the District in establishing a reserve goal is purely a policy determination made by the elected officials, and they are within their rights to determine that a 16.6% goal is appropriate..."*

From the standpoint of the panel there is a lot of information you have to choose to ignore to arrive to this realization. Chief among them is that the PERB regulations provide guidance for how the panel should consider fiscal matters. The law provides for a minimum reserve balance. The college has met this obligation. Further, an actual ability to pay exists by pure definition of the fact the District reserves will be growing to 16.6% under the Last, Best, Final Offer ("LBFO").

THE BUDGET

It is unreasonable to simply ignore the fact that the economic climate in the State of California has drastically improved since the FCMAT report was issued in *2012.* (Exhibit 4) The college's proposal, and the FCMAT report it purports to be constructed from, continues to be based on assumptions which are extremely out of date and not reflective of actual college and State budget realities in the year 2014. Mr. John Lau, Vice President of Business Services at Imperial Valley College, acknowledged this as fact during the Association's presentation.

The President, Dr. Victor Jaime is quoted as saying the following on this topic:

> *"During the state budget crisis, we used reserves to balance the budget, maintain the quality of our staff and avoid draconian reductions in the quality of education we offer the Valley. We now have the state resources to fix this deficit situation and we will."*

CLASSIFIED MANAGEMENT/CONFIDENTIAL

Among the flaws of the FCMAT report is the fact that it isn't well understood that this agency does not bifurcate the significant difference between what we statutorily know as the classified service and what the college and CSEA recognize through the collective bargaining process as the classified bargaining unit. (Exhibit 5) It is never considered in the FCMAT process that internally these two employee groups are very different from one another. Bargaining unit spending is the not source of the college's financial issues.

CONCLUSION

The panel doesn't have the luxury or latitude to simply ignore the collective bargaining implications of the factfinding. A recommendation to unilaterally implement the LBFO in the report not only takes the easy way out, it creates an appearance to the public and governing board that PERB has sanctioned such an action.

The recommendation never discloses the potential negative realities of an imposition of the LBFO and the lasting impact it will have on relationships within this college which will be difficult if not impossible to fully mend.

CSEA recommends that the parties return to the table and find an amicable way forward together, with the best interest of the employees, students, college, and community equally in mind.

Respectfully Submitted,
CALIFORNIA SCHOOL EMPLOYEES ASSOCIATION

Dated: August 4, 2014

Michael Breyette
Senior Labor Relations Representative
California School Employees Association

Exhibit 1

Imperial Community College #472 Bargaining Timeline

- **October 10, 2012**
  - 3 Year Successor CBA Signed
    - July 1, 2012 - June 30, 2015
- **November 14, 2012**
  - District Sunshine
    - Article 8
    - Article 10
- **January 25, 2013**
  - CSEA Sunshine
    - Article 8
    - Article 10
- **March 19, 2013**
  - District Proposal 1
    - Art 8 - Salary Schedule Reduction
    - Art 8.1 - Language Removal
    - Art 8.5 - Language Change
    - Art 8 - Months of Service Reduction
    - Art 10.2 - Early Retirement Reduction
- **May 6, 2013**
  - District Proposal 2
    - Art 8 - Salary Schedule Reduction
    - Art 8.1 - Language Removal
    - Art 8.5 - Language Change
    - Art 8 - NEW Months of Service Reduction
- **June 19, 2013**
  - CSEA Proposal 1
    - Art 8 - COLA Enhancement
    - Art 8 - Status Quo - Months of Service
    - Art 8.5 - Accept District Proposal
    - Art 8 - Restore Furlough Days
    - Art 10 - Status Quo
- **August 14, 2013**
  - District Proposal 3
    - Art 8 - Salary Schedule Reduction
    - Art 8 - NEW Move to Nearest Placement
    - Art 8 - NEW Y Rate Existing Employees
- **August 20, 2013**
  - CSEA Proposal 2
    - Art 8 - COLA Enhancement
    - Art 8.5 - Accept District Proposal
    - Status Quo on Rest of CBA
- **August 29, 2013**
  - District Proposal 4
    - LAST BEST FINAL
    - Art 8 - Salary Schedule Reduction
    - Art 8 - Move to Nearest Placement
    - Art 8 - Y Rate Existing Employees
    - Art 8 - Accept CSEA Cola Proposal
    - Art 8 - Accept CSEA Furlough Restoration Proposal
  - CSEA Proposal 3
    - IMPASSE BROKEN
    - Art 8 - NEW Altered Salary Schedule Reduction
    - Art 8 - COLA Enhancement
    - Art 8.5 - Accept District Proposal
- **September 5, 2013**
  - District Proposal 5
    - LAST BEST FINAL - 2
    - Art 8 - Salary Schedule Reduction
    - Art 8 - Move to Nearest Placement
    - Art 8 - Y Rate Existing Employees
    - Art 8 - Accept CSEA Cola Proposal
    - Art 8 - Accept CSEA Furlough Restoration Proposal
- **September 26, 2013**
  - District Submits Impasse to PERB
- **November 21, 2013**
  - Mediation
    - No Proposals Passed
- **January 15, 2014**
  - Mediation
    - No Proposals Passed
  - Verbally Certified to Fact Finding

Exhibit 2

Special Report Due April 15, 2014

Required Elements to be addressed in the Imperial Valley College Special Report:

1) **The actions taken by the district to address permanent fixed costs resulting from mandated entitlements in the District's collective bargaining contracts.** A Major ongoing concern is that the structured entitlements provided to unions require concessions be made by employees to reduce college costs. If the college's actions can be effectively monitored through a Special Report that targets action taken by District to reduce permanent fixed costs resulting from mandated entitlements in union agreements, then there is no need to send a team to visit the college. Otherwise a Special Report with visit is recommended.

Issue	Status	Response	Evidence
1. IVC has high permanent fixed costs that are included in labor contracts.			
Classified support staff salary schedules have 15 step increments per track with a 5% increase per step as one example of the contractually developed high cost structure.	District Last and Final	2 -18 14: BOT directed District Negotiators to begin Fact Finding Process.	District Last and Final Fact Finding documents
FCMAT RECOMMENDATIONS ***Actions that need to be taken by the college to negotiate reductions in costs through changes in union contracts include several key factors that exceed the costs of other districts. The areas where action is needed include various combinations of these factors:***			
1. For classified support personnel, change salary schedule organization to limit the number of increments available. Currently employees are on a 15 step schedule with 5% increases per step. The college needs to determine the number of steps it can afford to offer.	District Last and Final Negotiations are at impasse, Fact-finding phase	2 -18 14: BOT directed District Negotiators to begin Fact Finding Process.	District Last and Final Fact Finding documents
The faculty contract includes a number of high cost provisions including:			
• Low minimum enrollment for a class to go with a provision that classes cannot be cancelled for low enrollment	Minimum class size: 25 – 28 Maximum class size may be increased from 40 -45 with consent of Curriculum Committee and Academic Senate Changes to class minimums in 2013: 15 -17 students minimum and 50 – 65% whatever is less	Minimum class size increased from 25-28 Spring 2014 (unless safety or facilities limit students enrollment) No classes caps have been increased from 40 – 45 Implemented class minimum class size increase from 25 – 28 Spring 2014	Full-Time CTA Contract: Article 15.16, Class Size (pg88) Part-Time CTA Contract, Article 10.4 (pg 22)

		at least at $55.00/unit and overload rate for all remaining units. Part time faculty is compensated at the regular part-time rate.	
FCMAT RECOMMENDATIONS ***Actions that need to be taken by the college to negotiate reductions in costs through changes in union contracts include several key factors that exceed the costs of other districts. The areas where action is needed include various combinations of these factors:***			
2. For faculty there are several areas:			
a. Release time needs to be reduced. FCMAT noted the college was releasing faculty to perform administrative type work. The number of release time assignments also exceeds industry standards but the college needs to negotiate the right amount.			
b. Payment of full time faculty during off-contract periods and for overload assignments is being made at the same rate as full-time faculty pay during regular contract year primary load assignments. Adjunct rates which are lower and offered to all adjunct faculty should be considered for all full-time faculty who work during the summer or take overload assignments.		Part-time faculty agreed to a reduced rate for outside classroom activities to 50% of their regular hourly rate ($27.50/hr)	Part-time CTA Contract, Article 13: Salary, pg 26
c. The college does not appear to be a going-concern and unless significant modifications occur the college will be insolvent. The Commission should monitor this situation to determine actions taken to reduce the permanent fixed cost structure as described earlier.			
2. As of the reporting of the FY 12/13 2nd			

Exhibit 3

	FCMAT Recommendations - Negotiations 2013		
	Recommendations by Area	**CSEA**	**CTA**
	Organizational Review & Budget Development		
2	Consider restructuring the department chair model to either reduce the number of department chair positions, decreasing the amount of release time for department chairs, or move to a different model that has only deans, eliminating the department chair positions. If the department chairs are retained in some form, greater accountability should be established over class schedule building and faculty assignments to the department chairs.		X
3	Limit the use of 199-day contracts. They should be used on a very limited basis if they are used at all.		X
4	Discontinue the practice of providing paid release time to either employee union groups beyond that time required by the Rodda Act and PERB rulings.		X
5	Make efforts to eliminate specific extra-duty language and pay amounts from the faculty contract. Much of the activity included is administrative and should be at the prerogative of the administration.		X
6	Seek to eliminate the faculty contract mandate providing an extra hour of pay per day for noninstructional faculty		X
7	Redistribute some of the tasks assigned to coordinators to the managers in the student services unit. Student Services has six management personnel, including the recently created position of dean of counseling and a number of coordinators (according to the faculty contract).		X
	Fiscal Planning		
1	Initiate negotiations with faculty employees to discuss changes in class size, loading and release time		X
2	Initiate negotiations with classified employees to reduce the percentage, the number of steps, or both on the annual step increment	X	
3	Negotiate with employee groups to limit the rate of increase on health benefits, exploring changes that have the greatest impact on limiting costs while maintaining a reasonable level of health coverage	X	X
9	Consider reducing the number of funded full-time faculty positions		X
	50% Law		
4	Consider allocating all lottery proceeds to TOP codes 6000-6700, which might positively affect the 50% law calculation		X
	Enrollment and FTES Analysis		
5	Take immediate action to make progress toward increasing average class size to 30 (510 WSCH/FTEF) within the next three years. Once this goal has been achieved and maintained, the college should strive to make steady progress toward an average class size of 35 (595 WSCH/FTEF).		X
	Academic Program Evaluation		
2	Ensure each academic program recognizes its particular role in increasing the college's overall average class size. Lecture classes in the arts and sciences programs, such as history, psychology, sociology, and music appreciation, should increase well beyond the current class maximum of 40		X
3	Carefully review career and technical programs that have a low current student demand, a low local labor market demand for the near future, and/or a low certificate or degree completion rate. The college should develop a plan to increase the minimum class enrollment to 20 for classes that have been allowed to operate with enrollments of much less. Programs should be discontinued if enrollment does not increase to an average class size of approximately 20. There should be few and clearly delineated exceptions for specified advanced courses (This will require discussion as a contractual issue in negotiations between the college and the faculty union.)		X
4	Require instructional deans and department chairs to focus on scheduling courses that have the greatest student demand, specifically arts and sciences courses, those that fulfill general education requirements (such as United States history), and CTE courses that fulfill core competencies (such as business communication). Similarly, programs should avoid scheduling elective or optional courses, especially those offered at four-year colleges (such as East Asian history), or that provide skills that could be learned on the job (such as office transcription)		X
5	Direct instructional deans and department chairs in arts and science disciplines to schedule courses required for upper division coursework in the related majors instead of courses needed to fulfill a single-discipline associate's degree major. For example, a student who earns an associate degree in English or psychology without transferring to a four-year college is not prepared for a successful career. Arts and sciences programs should schedule courses that fulfill multiple-discipline associate majors (such as humanities or behavioral sciences), which are also typically those within transfer general education patterns such as intersegmental general education transfer courses		X
9	Find ways to stabilize or increase enrollment in the next three years without adding new full-time faculty. This would necessitate increasing class sizes and fill rates and/or hiring more adjunct faculty		X
10	Openly communicate that any program requests for new faculty will be denied until the college's overall faculty obligation number decreases to the obligatory level set by the California Community College Chancellor's Office. Currently, the college's obligatory faculty obligation number is 94.3		X
11	Reduce the amount of release time assigned to faculty for managerial responsibilities, to improve the college's 50% ratio and create more hours of faculty teaching, generating more FTES for their programs. The managerial duties formerly assigned to faculty members would be assumed by instructional administrators		X

Exhibit 4

CALIFORNIA COMMUNITY COLLEGES CHANCELLOR'S OFFICE
Office of Communications

Key Facts

2013-14 Key Facts for the California Community Colleges System

(Updated February 5, 2014)

Gov. Jerry Brown's Proposed 2014-15 State Budget for the California Community Colleges:

- $155.2 million to fund a 3 percent restoration of access. This would allow colleges to add approximately 70,000 students.
- $48.5 million to fund a Cost of Living Adjustment (COLA) of 0.86 percent.
- $200 million to support student success programs and strengthen support for underrepresented students.
- $175 million for deferred maintenance and instructional equipment. *These dollars are available on a one-time basis.*
- $235.6 million reduction in payment deferrals. Combined with $356.8 million proposed in one-time funds for this purpose, this would completely eliminate the system's inter-year deferrals.
- $39 million in Proposition 39 funds for energy efficiency and workforce development projects.
- $2.5 million for local technical assistance to support implementation of effective student success practices in all districts, with priority placed on underperforming districts.
- $1.1 million and nine new Chancellor's Office positions to develop student success indicators and monitor college/district performance.
- $50 million in one-time funding (non-Proposition 98) for incentive awards recognizing models of innovation in higher education that 1) increase the number of students earning bachelor's degrees, 2) increase the number of bachelor's degrees earned within four years, and 3) ease transfer in the state's higher education system.
- The governor did not propose a student fee increase for the 2014-15 academic year.

The 2013-2014 State Budget Funding for the California Community Colleges:

- $25 million for Adult Education and $15.7 million Apprenticeship shift from K-12 to California Community Colleges.
- $89 million to increase access.
- $87.5 million for Cost of Living Adjustment (COLA).
- $209 million reduction in payment deferrals.
- $47 million energy efficiency/Proposition 39.
- $16.9 million for statewide distance education initiative.

Impact of Budget Cuts on the California Community Colleges System During the Recession:

- Funding for the California Community Colleges was cut $1.5 billion between the 2007-08 and 2011-12 academic years (PPIC report).

- Course offerings statewide were cut by roughly 25 percent due to the five consecutive years of deep budget cuts.

- The cuts forced community colleges to ration course offerings and as a direct result, nearly 500,000 students were shut out of the system.

Proposition 30 Made a Huge Difference:

- Community colleges received $210 million in additional funds in 2012-13. Most of that money was used to make good on deferred funding commitments by the state to colleges and made room for an additional 40,000 students.
- Approximately 3,300 classes were added to the system for the spring 2013 semester.

Value to California:

- California community colleges educate 70 percent of our state's nurses.
- California community colleges train 80 percent of firefighters, law enforcement personnel, and emergency medical technicians.
- Twenty-nine percent of University of California and 51 percent of California State University graduates started at a California community college.
- Transfer students from the California Community Colleges to the University of California system currently account for 48 percent of UC's bachelor's degrees in science, technology, engineering and mathematics.
- Community colleges offer associate degrees and short-term job training certificates in more than 175 fields, and more than 100,000 individuals are trained each year in industry-specific workforce skills.
- Nearly 42 percent of all California veterans receiving GI educational benefits attend a California community college for workforce training, to earn an associate degree or to work toward transferring to a four-year university.

High Return on College Education:

- The California Community Colleges is the largest provider of workforce training in the state and nation.
- For every $1 California invests in students who graduate from college, it will receive a net return on investment of $4.50.
- Californians with a college degree will earn $400,000 more in their lifetime than their peers with only a high school diploma.
- Students who earn a degree or certificate from a California community college nearly double their earnings within three years.
- Attending or graduating from a community college doubles an individual's chance of finding a job compared to those who failed to complete high school.
- The California Community Colleges is the state's most cost-effective system of education – the revenue needed to support one full-time community college student is slightly more than $5,000 per year.

- The U.S. Bureau of Labor Statistics projects that occupations that require an associate degree will grow by 18 percent through 2020 – faster than the new job growth for those with a bachelor's degree.

Priorities and Efficiencies:

- The Student Success Initiative of 2012 helps to improve educational outcomes, improve the workforce preparedness of the state and close the achievement gap for historically underrepresented students. It decreases the amount of time it will take students to earn a degree, certificate and/or transfer to a four-year university, which saves students and taxpayers money through reforms and efficiencies.
- In 2012, the California Community Colleges and California State University launched the new Associate Degree for Transfer program that simplifies the student transfer process between the two systems. The initiative generates approximately $160 million annually in cost savings and those savings provide access to 40,000 additional community college students and nearly 14,000 California State University students each year.
- The California Community Colleges is the most cost-effective system of education in California. While the state revenue needed to support one community college full-time student is slightly more than $5,000 per year, that same student costs approximately $7,500 in the K-12 system and $20,000 and $11,000, respectively, at UC and CSU.

Workforce Skills Gap:

- Undergraduate demand for the three public systems of higher education in California is expected to grow by 387,000 students by 2019. To accommodate the increase it will take $1.5 billion more in revenue.
- The Public Policy Institute of California estimates by 2025 California will face a shortage of 1 million college degree and certificate holders needed to fuel its workforce.
- With baby boomers retiring as the best educated and most skilled workforce in U.S. history, labor experts are concerned that California will lack workers with the critical aptitude needed to replace them.

Impact of Forced Rationing of Education During the Recession:

- 2009-10 categorical cut ($313 million) and apportionment cut ($190 million); 2011-12 apportionment cut ($385 million).
- The system served more than 252,000 FTES for whom the colleges did not receive funding; while additionally reluctantly turning away another 129,000 FTES due to workload reduction.
- Received no statutory cost-of-living increase between 2007-08 and 2012-13 creating a cumulative loss of purchasing power totaling 16.3 percent.
- Reduced course sections and increased class sizes.
- Fees increased from $20/unit in 2008-09 academic year to $46/unit in summer 2012 – a 130 percent increase in a period of three academic years.
- The California Community Colleges enrollment decreased by more than 585,000 students to 2.3 million in four academic years (from 2008-09 to 2012-13) due to severe budget cuts.
- Course sections (classes) were reduced by approximately 25 percent due to state funding reductions. Non-credit course sections saw a bigger decrease of approximately 38 percent.

- From 2008-09 to 2011-12 the community college system reduced summer and winter sections by nearly 50 percent due to reduced funding and mid-year trigger cuts that made it difficult for colleges to plan.

Distance Education Fact Sheet

California community colleges lead the way in distance education:

- Nearly 27 percent of all California community college students will take a class offered through distance education this year, up from 12.5 percent in 2005-2006.
- Of all courses offered at California's community colleges, 12.3 percent are offered through distance education, and it is estimated that nearly half of all courses have some online component.
- California community colleges first started offering distance education courses in 1979.
- Of the 2.4 million students enrolled in 2011-2012 academic year, 621,501 took at least one distance education course.
- The average course load of all California community college students in 2011-12 was 12 units. The average course load of students who enrolled in distance education courses was 15 units.
- Distance education almost doubled from 21,414 sessions in 2005-06 to 41,354 in 2011-12.
- Two age categories – 18- to 19-year-olds and 20- to -24- year olds – account for 61 percent of those enrolled in distance education courses in 2011-12.
- Thirty-seven percent of students surveyed in 2011 said they enrolled in at least one distance education course because of the convenience.
- Fifty-one percent of California's community colleges offer certificates and degrees that can be earned without stepping onto campus for classes. This typically includes a combination of both online and television courses.
- The Internet provides California community college students with 94 percent of the distance education offerings. Television is next with 8 percent, followed by correspondence (2 percent) and video conferencing (1 percent).

General Facts:

- With more than 2.1 million students on 112 campuses, the California Community Colleges is the largest system of higher education in the United States.
- One in every four community college students in the nation attends a California community college.
- Most of the 112 colleges are on the semester system, but Foothill, DeAnza and Lake Tahoe community colleges are on the quarter system.
- Three out of every 10 Californians ages 18-24 are currently enrolled in a community college.
- Fifty-five percent of community college students are people of diverse ethnic backgrounds and roughly 53 percent are female.

Student Demographics by Ethnicity for 2012-13

African-American	7.3%
Native American	0.5%
Asian	10.8%
Filipino	3.1%
Hispanic	38.9%
Pacific Islander	0.5%

- White 31%
- Multi-Ethnicity 3.5%
- Unknown 4.4%

Student Demographics by Age for 2012-13

- ≤19 24.7%
- 20-24 33.3%
- 25-29 12.9%
- 30-34 7.1%
- 35 and Over 21.7%
- Unknown 0.02%

Student Demographics by Gender for 2012-13

- Female 53.6%
- Male 45.3%
- Unknown 1.1%

California Community Colleges Fee History:

Fiscal Year	Fee (per unit)
1984-85	$5*
1991-92	$6
1993-94	$10
1994-95	$13
1998-99	$12
1999-00	$11
2003-04	$18
2004-05	$26
2006-07	$20
2009-10	$26
2011-12	$36
Summer 2012	$46

*Prior to 1984, community colleges charged no fee

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Exhibit 5

and a deficit of $1.4 million. The 2012-13 data is included prior to any planned reductions, with FTES of 6,162, revenues of $33.1 million, expenditures of $36.5 million and a deficit of $3.4 million is shown. The college's seven-year history is attached as Appendix B to this report. FCMAT formatted the information by showing only the data for years 2006-07, 2011-12 and 2012-13 to more clearly reflect changes over time. The seven-year history was prepared in early June 2012, when the data for 2011-12 and 2012-13 were estimates.

This historical trend, including 2012-13, shows that in a six-year period, the college regressed to the 2006-07 level of FTES, generating about the same amount of revenue, but with costs that are higher by almost $6 million. The comparison shows the areas of change during that time with the most significant being classified salaries of $1.8 million and benefits of $2 million, both of which are discussed in more detail below. Academic salaries increased by $700,000, but costs shifted between the instruction, noninstruction and administrative categories. Those increases and overall changes from one category to another demonstrate how Imperial Valley College came closer to going below the 50% threshold in the calculation of the 50% law requirement. The college may in fact be below 50% as it calculates the actual results for 2011-2012.

Academic employee costs have increased, but not as much as those for classified employees. The most significant development in academic salaries involves the shifting of emphasis, as less is spent on instruction and more on noninstructional academic personnel both in faculty and administration as demonstrated by the changes from 2006-07 to 2011-12.

Classified employee costs increased substantially. Classified manager costs tripled over the seven-year period, increasing from $381,000 to $1,100,000 in 2012-13. The data shows that three managers were added for restricted general fund programs and several in information technology. Regular classified salary costs also increased by $1.8 million from $5.8 million in 2006-07 to $7.6 million for 2012-13, even though the total number of employees is 7.7% lower. There were 143 classified employees in 2006-07 and 132 in 2011-12. The classified salary schedule was amended in 2006-07, increasing the number of annual steps to 15, each reflecting a 5% improvement on the salary schedule. The increase in costs combined with fewer employees suggests the change in the schedule in 2006-07 is having a major impact on the college's financial condition. This contractual obligation will continue for years and created a financial burden that will need to be maintained even in the absence of new revenue.

Benefit costs increased by $2 million over this seven-year period, some of which is due to state factors such as unemployment insurance and PERS rate increases, which are not fully under the college's control. The largest benefit category increase is in health benefits, with an increase of $1.1 million. While it is not unusual to see increases in this area, other solutions must be found when no new revenue sources exist to offset rising costs. The college recently implemented some premium copayments by employees, while modest, recognizes the need for a new approach to funding health-insurance costs. Annual payments for an early retirement incentive program will continue for a few more years, and the cost has increased from $455,000 in 2006-07 to $728,000 at present. When this commitment expires, the college will have additional resources to fund other priorities or to increase the fund balance.

The level of expenditures for supplies has remained consistent in the seven-year period while services have increased by about $400,000, mainly because of maintenance agreements. The other significant change is in other outgo for certificates of participation (COPS) and lease/revenue bond payments, adding expenditures of $700,000 that will continue for years.

The FCMAT report states that there is a significant change in classified salaries of $1.8 million, but it fails to clarify that the total sum is a combined cost associated with all classified employee salaries which includes Classified Managers, Classified Confidential and Regular Classified.

The report again states that "Classified employee costs increased substantially", but the actual increase is in reference to the Classified Managers salaries that tripled to $1,100,000 in 2012-13. This reflects an increase of $762,000 in Classified Manager salaries over the seven year period.

This statement is false because again the report combines Classified Managers, Classified Confidential and Regular Classified salaries together, but attributes the combined increase of 1.8 million only to the Regular Classified Staff. The approximant increase to the Regular Classified salaries over the seven year period from 2006-07 to 2011-12 is $331,650. This is only an approximant cost because the salaries for the Classified Confidentials is not listed for 2006-07, but is listed as $631,868 for 2012-13.

This assumption is not totally correct because this conclusion it is based on the incorrect calculation of combining all three Classified Group salaries together and attributing that combined salary to one group... the Regular Classified employees.

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Overall, the seven-year history shows that the total revenues in 2006-07 are comparable to the total revenues in 2011-12, but expenditures are significantly greater. Knowing where the variances occur is important as Imperial Valley College makes plans to eliminate its operating deficit.

In the seven-year history, the college shows a substantial increase in classified salary expenditures yet in the comparative analysis it does not vary greatly from the average. Since FCMAT's comparative analysis did not include 2006-07 data, FCMAT can only speculate that the college spent less than its peers on classified salary costs in 2006-07. Even if that is the case, FCMAT has strong concerns about the increase in classified costs on the salary schedule implemented in 2006-2007 because of the impact on an already strained budget.

Again, because the report grouped all three different classified salaries together and then attributes that combined total sum to only one group the Regular Classified employees they have to speculate on there own findings without acknowledging thier own miscalculation.

FCMAT's study agreement included a comparison of Imperial Valley College's administrative structure to those of the peer districts. The next section of the report addresses this topic, and the changes in the seven-year history show the actions taken by the college in this area. These include increased cost in all related areas during this time and planned reductions during the current fiscal year, even though the specifics of the planned $363,088 reduction had not been determined at the time of FCMAT's fieldwork.

Administrative Costs Below The Level Of President

Category	2006-2007	2012-2013	Change
Deans/Prog Directors	$994,664	$1,195,583	$200,919
Planned Reductions	(363,088)	(363,088)	
Vice Presidents	$271,155	$566,148	$294,993
Chairs/Coordinators	$274,297	$1,031,886	$757,589
Classified Managers	$381,882	$1,110,904	$729,022
Totals	$1,921,998	$3,541,433	$1,619,435