FA NEWS

FOOTHILL-DE ANZA FACULTY ASSOCIATION

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President's Report

Categorical Funding and Part-Time Faculty Hit Hard by Budget Cuts

by Richard Hansen, FA President

Welcome back to another academic year and to the brave new world of recession budgeting. This summer, with the Republican minority refusing to accept any revenue enhancements, cuts became the only means to balance the budget. In the end, the community colleges emerged from the budget shredding machine in better shape than many other state programs but got bad news a few weeks before Foothill-De Anza's opening days. Categorical programs and part-time faculty will bear the brunt of the cuts.

As to categorical funding, in the state budget signed in late July, drastic cuts to categorical programs were to be reduced by half due to $130 million in federal stimulus money earmarked for the community colleges. Unfortunately, on September 9 the state announced that the community colleges would only get $37 million in stimulus funds. Worse, the Department of Finance claimed that federal guidelines required this money to be allocated to the general fund and not restricted to the categoricals as had been promised.

If districts decide to use all of these funds for other purposes, categorical programs–like matriculation, apprenticeship, staff diversity, and the three part-time faculty line items that fund parity, office hours, and medical benefits—would face a 64 percent cut. The state budget lists the above programs in a "flexibility block," which allows the monies to be shifted around within the block as long as the District publicly announces its intentions at a Board of Trustees meeting. Categorical programs listed as "protected" from funding flexibility–Basic Skills, EOPS, CARE, CalWORKS, and DSP&S–face *only* a 32 percent cut.

As to part-time faculty, this summer the District pursued its plan to reduce *Article 7* full-time equivalent faculty (FTEF) by 5 percent, thereby reducing the number of classes offered and effectively laying off part-time faculty. The state budget made this money-saving strategy possible by including a community college system "workload reduction," which, acknowledges that the community colleges were not adequately funded by lowering district minimum enrollment requirements. This kind of bad public policy is what we get when additional revenue is off the table.

Hansen

District budgeters and FA analysts knew a difficult year was ahead, so what has the District done to prepare, and where do we stand as the new academic year begins? As FA demanded last year, the 2008-09 $6.7 million operating deficit has been addressed. In response to a $6.4 million state cut in the District general fund allocation for 2009-10, the 5 percent reduction in FTEF has saved $2.6 million in part-time faculty costs, leaving an ongoing $3.8 million deficit. The categorical problem, a separate issue with the total state cut in this area amounting to $7.8 million, must be addressed even if stimulus funds of about $1.0 million in one-time money are used to ease the pain this year.

The District does have existing resources and here's how it plans to use them: (1) a $5.5 million remaining fund balance from 2008-09 will cover the $3.8 million deficit, leaving $1.7 million in undesignated reserves; (2) of the close to $14.6 million from the 2006-07 one-time allocation to the colleges and Central Services, $3.6 million is earmarked to avoid classified layoffs in the coming year. This

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Opening Day FA BBQ Cancelled

Due to the changes in the Opening Day activities that require De Anza faculty to return to their campus for afternoon division meetings, FA will not host a BBQ at Foothill on Opening Day, September 17.

Budget Cuts . . .

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leaves perhaps $11.0 million to address the categorical cuts.

In addition, the District plans to set aside dollars for any unknowns that arise in 2010-11. To assemble a significant sum, district budgeters will dip into the Internal Service Fund (Fund 61), which holds some $12.3 million, largely the result of health benefits savings over prior years. The plan is to retain $7.0 million in a Self Insured Medical fund, a $2.0 million health benefits reserve along with $5.0 million for health benefits "rate stabilization." The remaining $5.3 million will be set aside along with the $1.7 million remaining ending balance money to create a new $7.0 million hedge against further cuts in 2010-11.

With all these numbers floating around, here's the bottom line: over the coming year, FA and District negotiators will be working on what the administration has identified as an $8.1 million need for 2010-11: $3.8 million in ongoing deficit which is expected to increase to $5.4 million in 2010-11 plus a medical benefits increase of some $2.7 million. As the year plays out, faculty should note that these negotiations take place in the context of a $7.0 million set aside for 2010-11 contingencies along with another $7.0 million reserve for health benefit stabilization. Again, it's a projected $8.1 million "need" together with plans for a $14.0 million contingency set-aside.

Needless to say, the above calculations are separate from the potential $7.8 million in categorical cuts that may carry over into 2010-11. As noted, this is a complicated matter that may require major restructuring of categorical programs. If in 2006-07 FA's recommendations to set aside the original influx of one-time money had been heeded, the District would have much more than $14.6 million now to get us through these painful financial difficulties.

As the year progresses, FA will be working hard to balance faculty protection with a clear assessment of a budget reality that includes both severe cuts and substantial undesignated reserves. Read the *FA News* for monthly updates as negotiations progress.

FA Council Openings

The Executive Council has two 2009-10 one-year openings: a full-time De Anza faculty member to replace Faith Milonas, who is on PDL, and a part-time representative (from either campus) to replace Kathy DePaolo, now a full-time faculty member.

The Council normally meets on the first and third Wednesdays of each month from 3:00 p.m. to 5:30 p.m. Members are paid a monthly stipend of $200. Interested faculty should send a letter/email of introduction addressed to the Council in care of the FA office by noon Friday, October 2.

Negotiations Update

Changes Ahead in Health Benefits

by Anne Paye, FA Chief Negotiator

Faculty will not be surprised to learn what they knew was coming: major changes in health benefits in the 2010-11 Plan Year. The current financial exigencies—a result of the one-two punch from the District's internal operating deficit and State funding cuts due to the slumping economy and declining property taxes—necessitate an overhaul of benefits that have increased at the rate of $2 to 3 million *annually* during the last five years.

Paye

In response to these spiraling costs, exacerbated by a lack of State COLA for 2008-09, 2009-2010, and, likely, for 2010-11 as well, on May 20, 2009, the District proposed a $972 per employee per month (PEPM) "cap" on benefits. As reported in this column last spring, while FA recognized the need to cut costs and bring the health budget in line with the District's resources, it adamantly refused to accept such a ceiling. Instead, FA proposed to meet the District's interest through an alternative strategy: re-working the District's medical plans to cut $6 million out of the current $32 million health benefit budget.

What's the difference between the two approaches? First, a "cap" remains a fixed amount that the District would contribute; all cost increases would be shifted to employees *unless the bargaining units could negotiate otherwise*. Second, the $972 PEPM cap would constitute a significant hardship for employees/retirees with dependents; this "monthly allowance" would not stretch far enough to pay the cost of family coverage.

On the other hand, making plan design changes to produce cost savings has several advantages. First, there would be no cap. Instead, once ratified by employee groups, the plans would remain in place *unless the District could negotiate otherwise*. Second, dependent coverage would be protected; plans would operate in the same way they do now, without adverse impact to employees with families. Third, by "slimming" the plans and distributing costs (through co-pays and co-insurance) to those who use the plans most heavily, the comprehensive medical insurance that has been a tradition in this District would be preserved. Maintaining the nature of the current plans is especially critical at this juncture, with a national health plan in the offing. If a national plan evolves and significantly impacts medical benefits offered by employers—for example,

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Task Force Provides White Paper on Health Benefits

Below is a reprint of the document developed by the Health Benefits Committee Task Force, which is composed of Vice Chancellor Dorene Novotny, Benefits Manager Christine Vo, and representation from each of the employee groups.

SIX PRINCIPLES AND THEIR RATIONALE

The following principles and rationale have guided the Task Force in making their recommendations for health benefit plan design changes:

1. *Safeguarding the viability of District comprehensive health care coverage.* We view health care coverage as both usable benefits and an insurance policy to protect against the effects of catastrophic or chronic medical needs.

2. *Providing high quality health benefits and insurance at the lowest possible cost.* We seek to make the best plan design choices for our community and to get the most health coverage possible from available resources.

3. *Engaging stakeholders in wise use and consumption of health benefits.* Research shows that employees who contribute to their health insurance plans make more informed and conscientious decisions about the medical care services they obtain and the plan provisions they deem most important.

4. *Protecting coverage for employees/retirees and their eligible dependents without adverse impact on any one of these populations.* Our employees tend to have extended longevity with the District. We recognize that each employee may experience different needs for family coverage throughout their employment and into retirement. We value both employee and family coverage and look to balance these needs.

5. *Maintaining three health plan options that equalize plan cost with employee financial responsibility.* We recognize that options allow employees/retirees and their families to balance their medical needs and priorities with contribution levels and out-of-pocket costs.

6. *Evaluating the impact of a plan design change against the cost savings it will provide.* We have used the "biggest bang for the buck" methodology in identifying plan design changes that will maximize cost savings in the plan with the least impact on benefit coverage to the consumer.

STRATEGIES

1. All employees and retirees contribute for each plan choice and tier placement.

2. Plan design changes help minimize monthly contributions.

3. Available benchmarking standards (i.e., CUPA-HR's Comprehensive Survey of College and University Benefit Programs (Benefit Survey) help guide plan design decisions.

4. Contribution rates in each plan will have three tiers: the employee/retiree-only; employee/retiree plus one; employee/retiree plus family. The rate for each tier will be based on a proportional formula: a 1, 2x, and 3x relationship to single, plus one, and family.

5. Two core plans will be offered: one HMO and one EPO (non-HMO) plan will be offered. Each plan will provide the best comprehensive plan coverage at the lowest possible cost to employees/retirees and their dependents. In order for the District to continue to offer these two options, each plan will be priced and structured to maintain an enrollment balance so that one plan does not create adverse selection against the other.

6. In addition to the core plans, a PPO buy-up plan will be offered. This plan will provide richer coverage and require larger monthly contributions than the HMO and EPO. While the HMO and EPO plans provide comprehensive services, an option with out-of-network coverage meets the needs of employees/retirees who depend on services from out-of-network providers. Such coverage however, should not redirect resources away from the core plans. At the present time, three plans is the maximum number that can be viably administered by The District.

7. All plans will reduce barriers to obtaining health care and encourage wellness related services, such as early detection and prevention. Depending on the plan, preventive care office visits and related services will be offered either at no-cost or at low-cost (co-insurance or co-pays). Research shows that wellness programs have a positive effect on overall employee health as measured by established health indicators. The District will continue, and expand, its program of wellness activities in order to encourage and improve the health of its employees.

8. The District Health Benefits Committee, in conjunction with Human Resources, will regularly review the medical, dental and vision plan options to ensure they continue to achieve the Six Principles.

Know Your Contract

Mark Your Calendars Now

by Linda Lane, FA Grievance Officer

Below is a list of many of the important contractual deadlines for the upcoming 2009-10 academic year. If any of these deadlines apply to you, be sure to mark your calendar, carefully read the full 2007-10 *Agreement* text referenced in parentheses, and contact FA (your campus conciliator or the FA office staff) if you have a question.

Lane

Remember that these timelines are contractual deadlines; if you miss one, even by a single day, you may lose significant benefits or have to wait a full year before you become eligible again. This article will be posted on the FA website (www.fhda.fa.edu) under "Current Events."

2009

Sept. 25: Qualified part-time faculty submit Intent to Participate form (included with Notice of Acceptance of Assignment letter) to division dean for the Office Hours Program in Fall Quarter (*7.15.3.1, Appendix S2*).

Oct. 15: Full-time faculty submit completed Professional Development Leave (PDL) applications to PDL Committee – submit to division dean at least five school days earlier (*17.9, 17.11*).

Oct. 16: Professional Development Leave report due for faculty on leave for the full 2008-09 academic year (*17.16*).

Dec. 4: Part-time faculty file intention to change salary column starting in the Winter 2010 Quarter with campus Personnel Office (*Appendix B.1, C, E, G*).

Dec. 11: Full-time faculty submit Early Retirement Incentive Notice to District Human Resources Office (*20.5*).

Dec. 30: Part-time faculty submit completion of requirements documentation for column change starting the Winter Quarter to campus Personnel Office (*Appendix B.1,C, E, G*).

2010

Jan. 8: Qualified part-time faculty submit Intent to Participate form (included with Notice of Acceptance of Assignment letter) to division dean for the Office Hours Program in Winter Quarter (*7.15, Appendix S2*).

Jan. 15: *Article 18* faculty meet with the appropriate administrator to determine their reduced contract schedule (*18.8.1*).

Jan. 15: *Article 19* faculty submit annual Early Retirement Service Plan for the following academic year, signed by the appropriate Vice President, to District Human Resources for second and subsequent years of participation (*19.6.2.2*). See *19.6.1* for initial year of participation.

Feb 1: Professional Development Leave Committee makes recommendations to the Board at first meeting in February (*17.12.3*).

Mar. 1: Full-time faculty submit written request for *Article 18* pre-retirement reduction in contract to college president (*18.8.2*).

Mar. 5: Part-time faculty file intention to change salary column starting in the Spring Quarter with campus Personnel Office (*Appendix B.1, C, E, G*).

Mar. 15: Board notification to probationary faculty whose contracts will not be renewed (California Ed. Code).

Apr. 1: Faculty submit written request to return to full-time employment from *Article 18* pre-retirement reduction in contract status (*18.4*).

Apr. 2: Part-time faculty submit completion of requirements documentation for column change starting in Spring Quarter to campus Personnel Office (*Appendix B.1, C, E, G*).

Apr. 9: Qualified part-time faculty submit Intent to Participate form (included with Notice of Acceptance of Assignment letter) to division dean for the Office Hours Program in Spring Quarter (*7.15, Appendix S2*).

Apr. 30: Open enrollment ends for full-time faculty to make changes in medical benefit coverage—window opens April 5, first day of Spring Quarter (*22*).

Apr. 30: Open enrollment ends for pre-tax dollar Flexible Benefits Spending Account Plan, such as child care spending accounts—window is open April 5 (*22*).

June 1: Professional Achievement

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NEWS

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Letters and articles from District faculty are invited.

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Article 7 Faculty Get 1% Increase (More or Less)

by Anne Paye, FA Chief Negotiator

Summer negotiations were remarkably calm, given the District's roiling money woes. Basically, they consisted of two items. First, the District asked for a response to its May 20 proposal for a cap on health benefits and a 10 percent salary concession. To which FA again reiterated, "We cannot respond to the proposal until we know the size of the budget hole. Once we know that, we will have an appropriate strategy to address the faculty 'share' of the necessary reductions."

As this issue goes to press, the District is just now sorting out the facts and figures and, despite some remaining lacunae, has submitted the 2009-10 Adopted Budget to the Board for approval.

Fortunately—and unsurprisingly, cynics might observe—the "hole" is not as big as predicted. Buffered by sufficient one-time funds and significant reductions in instructional costs (due to the elimination of many course sections and offerings and a projected productivity of 570), the budget for this academic year looks relatively stable.

This is not to say that there's no problem, only that a 10 percent concession is definitely not in the cards for next year. Current projections indicate that the 2010-11 year will have a $3.8 million operating deficit, and managers are concerned about the possibility of more state cuts.

The second major topic of discussion at the table was part-time compensation and the scheduled pro-rata pay increase for teaching faculty paid on *Appendix C*. FA anticipated District reluctance to move from 75 to 76 percent of *Appendix A* as agreed by the parties last year, given that the state part-time faculty equity funds—one source of dollars for the increase—were severely slashed like other categoricals. (While the extent of reductions in this area is not completely resolved, estimates predict between 32 and 64 percent depending on the extent to which the federal stimulus package will backfill the cut.) However, the District readily agreed to implement the increase effective Fall quarter 2009, and FA commends the District for honoring its commitment and recognizing the value of its part-time labor force.

The 1 percent increase might have been helped, to some extent, by a small glitch discovered in the new Educational Information System (EIS)—also called by its brand name, "Banner"—that is currently being installed in the District. Evidently Banner cannot process four decimal-places (.0000), only three (.000), but FHDA load factors are expressed in four decimal-places, i.e., .0889, .1111, .0644, etc. Inconceivable as it might seem—and certainly every expert and techie was brought in to examine the problem—the only economically feasible solution is to convert all load factors from four to three decimal places. Load factors with 1, 2, 3, and 4 in the fourth place will be rounded down and load factors with 5, 6, 7, 8, and 9 will be rounded up.

Because load factors are used to calculate compensation, the District was concerned about adverse financial impact on faculty with the "rounded down" load factors. When FA proposed that the 1 percent increase could help assuage this problem, the District went immediately to work to make it happen.

In August, the District and FA sent a Joint Memo to all faculty who teach under *Article 7* (part-time and overload assignments) announcing the increase and explaining the load factor issue: in their new pay checks, some faculty may experience an increase of slightly less than 1 percent and some may experience an increase of slightly more than 1 percent.

In order to send Fall quarter contract letters in a timely fashion, FA and the District agreed to send the "Notification" with the "old" four decimal-place load factors; the conversion to the three decimal-place load factors will be completed by the end of this academic year.

In addition, they also agreed that the new three decimal-place expression of load will not result in altering (a) the number of assignments or maximum load part-time faculty are currently allowed under *Article 7*; or, (b) the number of assignments currently required for part-time faculty to meet eligibility thresholds in *Article 22A* – Paid Benefits for Part-Time Faculty. FA and the District are monitoring the conversion process and will review any problems it may present.

If you have questions, please call the FA office at 650.949.7544.

Mark Your Calendar

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Award applicants submit Professional Growth Activities to campus Personnel Office (*38.3*).

June 1: Full-time faculty—including probationary faculty—submit Professional Growth Activities to campus Personnel Office for salary step advancement (*Appendix A, B*).

June 29: Full-time faculty file intent to change salary column for (the next) academic year with campus Personnel Office (*Appendix A, B*).

June 30: Full-time faculty submit written requests for campus transfers to HR Vice Chancellor (*13.2*).

July 1: Professional Achievement Award applicants submit completed application to division dean (*38.2.1, 38.3*).

Aug. 20: Part-time faculty file intention to change salary column starting in the Fall 2010 Quarter (next academic year) with campus Personnel Office (*Appendix B.1, C, E, G*).

Sep. 15: Full-time faculty submit completion of requirements documentation for salary column change in academic year 2010-11 to campus Personnel Office (*Appendix A, B*).

Sep. 17: Part-time faculty submit completion of requirements documentation for column change in the Fall Quarter (next academic year) to campus Personnel Office (*Appendix B.1, C, E, G*).

FA Welcomes New Foothill Conciliator

Last Spring, the FA Executive Council appointed Jordana Finnegan to the position of Foothill Conciliator. The many applicants made the decision difficult as each candidate would have brought unique and valuable skills to the position.

Finnegan, who joined the Foothill English department in 2005, has a Ph.D. in English, focusing on contemporary Native American and Western American literature. *FA News* interviewed Finnegan (finneganjordana@foothill.edu, 650.949.7646) to introduce her to faculty and managers.

Finnegan

Editor: What attracted you to the position of conciliator?

***Finnegan*:** It will allow me to help faculty members and managers resolve disputes on *Agreement* issues. I am interested in learning more about the *Agreement*, explaining the *Agreement* to others, and helping FA to collaboratively improve the *Agreement*. As an English instructor, I believe I can apply my critical reading, thinking, and communication skills to the conciliator position.

Editor: What is your vision of the role of a conciliator?

Finnegan My vision is that, after clarifying contract language, a conciliator needs to see an issue from multiple perspectives and look for common ground. My role will be to represent the contract, which I believe benefits everyone. All of us have a stake in making sure that the contract is upheld.

Editor: What might be the challenges and rewards of being a conciliator?

Finnegan: Developing a thorough understanding of the contract will be a challenge. It has many nuances and is quite comprehensive. I'll need time to learn strategies that help both parties, the faculty and manager, resolve an issue, and in the meantime, figure out appropriate, that is, contractual, compromises. Since I'm newly tenured, I have a lot to learn about how things work and who does what, but I look forward to learning more about the Foothill community and working collaboratively with both faculty and managers throughout this process. As to benefits, I hope that I will get to know faculty and administrators across campus, beyond my own division. And I think that applying specific parts of the contract to actual situations will make the contract more meaningful in real life contexts.

Editor: From what you were told about the position, do you think the job will be more about the contract or more about people and personalities? What expectations do you have regarding conciliation cases?

Finnegan: Probably both most of the time. However, and I'm just theorizing here, it could be that certain cases will tend to be dictated by the personalities of the people involved. If so, my job will be to refocus things back on the contract, to remind both parties of the contractual issues as they relate to a given situation. My expectation is that people will feel comfortable contacting me as the conciliator, whether to ask questions, air grievances, or share information. I can usually work with just about anyone in an open, friendly, and transparent manner.

Editor: What will be your first steps as the new Foothill conciliator?

Finnegan: On Opening Day, or soon after, I plan to introduce myself to all of the deans and a few other administrators that, as conciliator, I may need to contact. I want to share my view that conciliation should not be confrontational, but rather a learning experience for all, and an opportunity to work together.

Changes in Benefits

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taxing benefit packages above a certain dollar value—that would be the time to re-think the way the plans are structured.

Throughout the summer, a special Task Force constituted by the District Health Benefits Committee met to analyze statewide joint powers consortia options (CalPERS and SISC), current plan costs and utilization patterns, potential changes in terms of their savings versus impact on consumers, industry standards, plans offered in other college districts, and the value of increased emphasis on wellness and preventative care. Jennifer Sampson of Lockton, the District's benefits consulting firm, produced twelve iterations of varying plan design in response to requests by the Task Force members. Currently, the District Health Benefits Committee is reviewing the Task Force recommendations that, if approved, will be brought to the negotiating tables. FA will bring the proposal to its Executive Council for voting at its first Fall quarter meeting on October 7. While some will no doubt ask, "What's the rush?," the intent is to reach ratified agreement on the changes by the end of the calendar year in order to handle all the logistics necessary for the next Open Enrollment in April.

Faculty are encouraged to review the document produced and used by the Task Force in making its recommendations, "Principles, Rationale, and Strategies," reprinted on page 3. FA will keep faculty well informed on this important issue and schedule All Faculty Meetings on each campus to discuss the recommended plan changes. Watch for a pink half-sheet detailing the time and place.