



**CCSF/AFT NEGOTIATION UPDATE
April 4, 2018**

Salaries – District Response

The parties reviewed budget projections for current and next fiscal year (FY17/18 and FY18/19). As reported during the February 2018 Board meeting, the P1 report from the State Chancellor’s office confirmed we met the goal to increase FTES this year by at least 8%. In addition, although we budgeted to deficit spend this year, the projections show we will deficit spend more than budgeted by approximately \$6M.

The challenge is next year. In addition to projecting an increase in revenues, the projections include increases in expenditures, such as a 2.51% COLA for 2018-19 for all employee groups (classified collective bargaining agreements provide for COLA effective July 1, 2018). Even with a projected 2500 FTES increase next year, at the current rate of deficit spending, we will not have sufficient funds to meet the required 5% reserve. See table below:

	Adopted 2017-18	Projected 2017-18	Projected 2018-19
5% Required Reserve	\$ 9,957,234	\$ 10,266,484	\$ 11,418,895
Available Reserve	\$ 16,407,790	\$ 11,452,480	\$ (23,280,441)
Total Reserves	\$ 26,365,024	\$ 21,718,964	\$ (11,861,546)

The District reiterated the Chancellor’s message to the Budget Committee – the task for next year’s budget development is not to identify cuts, but rather, curb the rate of spending. The original 5-year budget plan adopted by the Board in 2017 called for deficit spending, allowing for growth over time, achieving a balanced budget at the end of the 5th year (FY20/21). Though we are growing, the cost of that growth is not sustainable. In fact, it will not get us through next year.

The District communicated to AFT that, notwithstanding the current projections, the Board has not changed its direction to the negotiation team. That is, *we are still committed to raise faculty salaries to at least the median of the Bay10 within the terms of a successor three-year contract.* Even if the District were not deficit spending, raising salaries to the Bay10 median in one year is fiscally not possible as proposed by AFT.

Based on the uncertainty of the budget at this time, the District is not in a position to make a specific counter to AFT’s salary proposal. The projections clearly show that, based on current assumptions for next year, the District cannot afford existing contractual obligations, let alone, a commitment to increased ongoing costs.

While initial review of the projections is discouraging, with the work that the District has been doing with AFT, meeting every Tuesday and Thursday (in addition to the weekly negotiation session) to share and collectively analyze financial data, there are areas where we know we can reasonably adjust next year’s projections. The areas identified by AFT are:

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- PT faculty expenditures – if the budget assumes we will be fully staffed next year, the spending for PT and FT overload should go down
- The District will likely not be fully staffed the entire fiscal year – the District agreed and will work on developing a vacancy rate based on prior years and adjust the projected salaries for all employee groups accordingly
- The adjustments noted above will also lower payroll driven costs, such as retirement and Medicare
- What is driving the cost of consulting services, and fees/other in the budget?
- Review sales tax projections

The District would like to have further discussion about the budget and work to identify funds to implement the District's plan to raise salaries, which is

- Provide a good faith “down payment” to increase salaries in year one, and
- Re-opensers throughout the term of the contract as new information regarding revenue becomes available.

AFT Response

Based on the 2.51% COLA that the District discussed AFT demonstrated not all employees move above the median. AFT further stated the District's non-response was insulting as a lot of thought and analysis went into AFT's salary proposal. In addition, the parties committed to have a tentative successor contract by mid-April and based on the District's non-response, it appears the District is no longer committed to that goal.

Summary

The District recommitted to reaching a tentative agreement within the agreed upon timeline, and committed to do what it takes to reach that goal. Moreover, the District agrees with AFT – 2.51% is woefully deficient for year one to achieve our mutual goal to bring the faculty salaries to at least the Bay10 median during the term of the next 3-year contract. However, in order to make a specific and fiscally responsible financial counter proposal, we need to work together to get through the budget challenge.

Notwithstanding the disappointing first run at the FY18/19 budget projections, the District remains hopeful that the parties can continue the good work achieved so far during negotiations to realize a shared goal – increase faculty salaries to the Bay10 median during the 3-year term of the next contract. Specifically, working together, the parties have achieved the following to date:

- No outside legal counsel at the bargaining table, saving the District almost \$750K
- Open negotiations allowing for “guests” to observe and participate in negotiations
- Several tentative agreements have been reached, some already implemented
- Timely responses to information requests
- Working collaboratively to analyze the district's costs, etc., to reach agreement on the cost of a 1% salary increase and other costs
- Complete transparency with the budget

Dianna Gonzales, Chief Negotiator for the District

The negotiations for a successor contract are guided by the Core Values of the Board of Trustees

1. Students First
2. Sustainability
3. Transparency in Governance and Participatory Decision-Making
4. Diversity and Inclusion
5. Equity in Hiring and Compensation

6. Academic Excellence

And the following Board Goals

1. Strategic Planning. Receive and then adopt a comprehensive college plan for sustainable future for City College.
2. Enrollment Management. Receive and then adopt an updated enrollment management plan that sets out a path to full enrollment funding restoration of 32,000 FTES.
3. Student Success. Hold the administration, faculty and staff accountable to contribute to City College's progress on student success outcomes, especially student equity and degree, certificate and transfer completions for achievement gap students.
4. College Climate. Develop an effective and mutually supportive relationship with the Chancellor in order to foster a climate of trust and respect among all stakeholders of City College.

Source: Board Goals (<http://www.ccsf.edu/en/about-city-college/board-of-trustees/board-priorities.html>)