I want to thank all of you for demonstrating such interest in our college.

Over the past several months, the board has listened to a large number of community members in support of our great faculty and their contract negotiations. We appreciate those comments, and listen carefully to all you have to say. Unfortunately, most of them demonstrate a lack of understanding of the situation. I want to take a few minutes to describe the problem we have been facing, so that you will perhaps understand it better, and maybe even help solve it. I will start with 5 of the most common misconceptions we have heard. Together, they account for the lion's share of all the comments we have received.

1. The most common kind of comment we have heard is essentially an expression of support for the faculty and a desire to ensure that they are paid well. Let me assure you all here that there is no disagreement about that on our board. I know of no board member, and for that matter no administrator, who does not think faculty deserve more in salary than they currently get. As I will try to explain in a few moments, however, there is a difference between the desire to pay faculty more and the ability to do so.

2. A number of comments reflect a concern about faculty working without a contract over the last 5 years. In fact, the faculty still have a contract – the old contract, negotiated in 2010-11, which remains in force until we have a new one. The fiscal climate in 2010-11 was not particularly healthy, but MPC's enrollments had dropped only slightly from their peak in 2008-09, and the college still had ample savings. However, also in 2010-11, the California Community College Board of Governors changed its rules, which caused MPC to lose about 2,000 of those 8,500 students. As you may know, community colleges are paid on the basis of the number of students they teach. The loss of those students translates to an annual loss of $5 million off of our $40 million base. Because of that loss of income coupled with the ongoing costs associated with the old contract, the District has been deficit financing – spending more money than we take in – ever since the last contract was negotiated in 2010-11.

3. Some of the comments we have received blame the administration for refusing to negotiate with the faculty to establish a new contract. In fact, the problem has never been that the administration refused to negotiate. The problem was that, with less money at MPC's disposal, any new contract could not provide the level of compensation increases that the faculty union desired. Negotiations failed over the past five years because MPC had less money than it had when the previous contracts were negotiated. Faculty have not been willing to accept less than what they think is available because they apparently view one-time funding as a reasonable source of revenue to sustain ongoing raises. It is not. It takes two sides to successfully negotiate a contract.

4. We have heard people complain that MPC faculty salaries are at or near the bottom of the entire community college system. There are many ways to compare

the distribution of salaries, but one way that the Chancellor's Office in Sacramento uses and publishes on its website is average salary. On that measure – average tenure track faculty salary -- 21 of the 72 Districts in the state fall below MPC. Thus, MPC is at the top of the bottom one-third. That is nowhere near where we would like our faculty's salaries to be, but it is a long way from the bottom. Just so you know, according to the Chancellor's most recent published statistics, the average salary for a tenure track faculty member at MPC is $86,878. Hartnell's average is $89,289, about $2,500 above MPC, and Cabrillo's is $85,417, about $1,500 below.

5. And we have heard a number of complaints about MPC faculty receiving no raises over the past many years. Sometimes it is couched as only a couple of raises, exclusively the result of the grievance process. None of that is accurate. Most faculty have indeed received raises – annual raises – every year over that time. If you are an employee in the private sector and you get no raises, that means your wages stay the same. If you were hired at a $55,000 salary in 2007 and got no raises for the next 10 years, your salary would still be at $55,000 today. In contrast, if you were one of those faculty members that MPC hired at $55,000 10 years ago, your salary this year is, at a minimum, a little over $77,000. That is an increase of at least 40%, and perhaps as much as 54%, depending on how much additional education you have received in the interim. If faculty members tell you that they have received negligible raises over the past 10 years, that is what they mean.

The second topic I want to broach is what MPC has done to gain financial stability after losing those 2,000 students. Logically, there are only a few solutions: You could grow, you could cut, you could become more efficient, you could try to change the rule that led to the loss, and as a last resort you could do layoffs. Except for the last one, MPC has been working in each of these areas.

Regarding growing: a loss of 2,000 FTES, one-quarter of MPC's student population, is a huge number to make up. To put it in context, there are only 5 public high schools that feed into MPC. In total they graduate only about 1,000 students each year, and many of those students are already coming to us. Nonetheless, MPC has established a dual enrollment program in which college classes are taught to high school students in 4 of the 5 high schools, as well as a program to teach the lower division classes to students in specific majors at CSUMB. We have added "Late Fall" and "Late Spring" terms, and expanded our online offerings as well as those at the Marina Education Center. Finally, the college has increased its participation in a consortium to train public safety officers. Thanks to all these initiatives and others, we have grown to about 6,700 FTES. Of course, that is a far cry from 8,500, but it is movement in the right direction.

Regarding making cuts: MPC has cut everywhere it could over the past few years. Some of you will recall the cuts made to the Theater Department three years ago. That was just one example, and there are many others. Here is what was not cut: Salaries and employee benefits. Since salaries and benefits account for over 80% of the college's expenditures, it seems reasonable that at least some of the cuts would come from those areas. But faculty have been adamant about their protection of their benefits at the same time they ask for raises.

I want to focus a little on MPC's benefits package, as I am not sure many of you understand just how unusual it is. Like many employers, MPC pays for health benefits for all employees, but unlike virtually all other employers, it covers employees, spouses and dependents all at zero cost to the employee, except for a small deductible and copays at the time of visit. And the level of benefit is one of the highest in California's community college system.

Here is a comparison of MPC's hospitalization package to Hartnell's. In both cases, a visit to a doctor generates a $25 copay. MPC has a $250 deductible, which means that the employee is responsible for the first $250 of the hospital bill. After that, MPC pays for 95% of the remaining hospital bill. If you have a surgery that costs $100,000 – a pretty common number these days -- MPC pays about $95,000 and the employee pays about $5,000. Now to Hartnell. The deductible at Hartnell is $400, and its coverage is 80/20, meaning that the employee is responsible for $20,000 of that $100,000 surgery. That coverage is free to employees at Hartnell, but the addition of a spouse costs the employee $40 a month and the addition of other dependents costs $67. It is possible for the Hartnell employee to come closer to the MPC benefit package, but that costs the employee even more. The best package one could get at Hartnell is a $200 deductable and 90/10 coverage – meaning that the employee would pay $10,000 of that $100,000 bill. For that coverage, an employee with no dependents pays $289 a month. For coverage of self and one dependent, the monthly cost is $619, and for employee +2, the monthly cost is $820. That is $10,000 per year for a Hartnell employee with a family to obtain coverage – coverage that is not as good as MPC's and which the MPC employee gets for free. Remember that $2,500 gap between MPC's and Hartnell's average salaries? A Hartnell faculty member providing the best coverage for his or her family would be taking home $7,500 less than the MPC faculty member – and that is for coverage that is not quite as good as ours. MPC has a great benefits package, one of the best in the system, because of the extra $5 million the college used to get from those 2,000 students. The money that paid for that package is gone, but the benefits remain in place until the faculty agree to a change.

Regarding efficiencies: Colleges that teach more students with the same number of faculty are more efficient. For many years, MPC's efficiency ratings have been low compared to its sister institutions. Reduced class sizes and reduced teaching loads for some of our larger departments are in the faculty contract. They contribute to MPC's low efficiency, and they were also paid for by the extra $5 million that used to come our way. Faculty have not wanted to negotiate those contract issues, but we have become a bit more efficient by better scheduling, smarter selection of course offerings, closer management of the cost of instruction, and advertising. Median class size at MPC is about 19, while Cabrillo, Hartnell and the statewide average are all close to 26. Colleges are paid on the basis of the number of students they teach, and colleges that are more efficient have more money to spend on their faculty. We have a long ways to go to become anything like as efficient as Hartnell and Cabrillo.

Regarding changing the rule: We have indeed been trying to change the Chancellor's Office rules on repeatability, which is the technical name for the cause of our loss of the 2,000 students. Walt has been lobbying for that change ever since he came to us. I serve on a system-wide task force looking into the issue, but it will likely take years before our efforts bear fruit.

So there you have it. By growing, cutting, improving efficiency, and trying to change the rule, MPC has been doing whatever it could to overcome the loss of those 2,000 students for years. At present, our faculty salaries are below where we would like them to be, but they are about the same as other community colleges in the Monterey Bay – higher than one, lower than the other. On the other hand, MPC's faculty teaching load is low, both in absolute terms, and in comparison to our nearby sister institutions. MPC's benefits package is among the best in the state, and it is essentially free to our employees and their families.

There is also good news about the deficit. Thanks to the college's response to the situation, and thanks to California's booming economy which has allowed an increase in our base funding, MPC for the first time in years passed a balanced budget a couple of months ago.

That is indeed good news, but it is still a very spartan budget in which many of our needs are still unmet. Here are just a couple of examples. We still don't have a facilities director. Steve Morgan retired in 2011 and MPC hasn't had enough money to replace him. We don't have a Public Information Officer. Rich Montori retired in 2012 and MPC hasn't had enough money to replace him. We are down to a grand total of four groundskeepers to cover our three facilities at three physical campus locations. And importantly, we still don't have an Enterprise Resource Program, or ERP. That is a software package that would allow different operational parts of MPC to communicate with one another. California's Community College system is moving ahead rapidly, focused on identifying student problems earlier, responding quickly, and in general getting students graduated in a shorter timeframe, all initiatives that cannot be accomplished without an ERP. MPC is one of the last few colleges in the system without one, and the college is getting further behind its sister institutions. The cost of an ERP could be as much as $8 million, money we don't have. With our current tightly-balanced budget, it would even be hard to find the $500,000 annual license costs associated with most ERPs.

Despite all of those ongoing and unmet needs, the administration has protected enough money in this year's balanced budget to allow a 1% pay raise for all employees starting in January 2018, on top of the 2% raise for all employees that started July 1, 2017. In addition, the District has offered 2% for part time faculty. The union appears to have rejected this offer as insufficient, declared "impasse," and stopped negotiating. Our employees would like more and of course the board and administration would like to accommodate them. But we cannot give out what we do not have. And we cannot use one-time monies for ongoing needs.

We are still several steps away from any kind of endgame, including the possibility of a faculty strike. Should it go that way, however, it is fairly easy to predict the consequences. There have been very few faculty strikes at California Community Colleges, but one occurred right next door. Hartnell's faculty went on strike in October, 2006. The result was that Hartnell's student population decreased, and MPC enjoyed an influx of students from Hartnell's district that has lasted for years. Should MPC go the same way Hartnell did, the predictable result will be a loss of students at MPC and a consequent reduction of funding. That is in addition to the college's likely loss of standing in our own community. Such a result is counterproductive for everyone, but it is particularly bad for our students. I hope we don't go down that path.

Thank you.

Loren Steck
Member, MPC Governing Board of Trustees
October 25, 2017