

# UPDATE ON THE ACTIVITIES OF THE FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES

September 10-11, 2012

## INFORMATION AND REPORTS

Presentation: Jan Dehesh, Board Chair  
Keetha Mills, President and Chief Executive Officer  
Joseph Quintana, Vice President of Program Development

## Item 4.1

This item will include the following updates related to the activities of the Foundation for California Community Colleges.

### **Foundation Board Update**

- Board officer elections
- Joint Board of Governors and Board of Directors dinner

### **Fiscal Year 2013 Financial Outlook**

Due to a number of significant programmatic changes that have occurred since the beginning of the fiscal year, as more fully described below, the Foundation has undergone a process to conservatively reforecast expected financial results for fiscal year 2013. During this reforecast process, conservative estimates were made to eliminate all projected, un-awarded new business and include only known, awarded business activities. As a result of this reforecast process, total revenue estimates have been adjusted downward from \$45 million to \$35 million, and net reserve estimates have been adjusted downward from \$550,000 to \$150,000. The Foundation continues to project positive net financial results for fiscal year 2013 and expects to maintain its annual \$300,000 commitment to the Chancellor's Office and Board of Governors.

### **Student Success Initiatives**

In August 2012, the Foundation was awarded a three-year, general operating support grant of \$300,000 from the California Education Policy Fund to help launch and support our new Student Success Flagship Initiative: Accelerating Student Success in the California Community Colleges. With this funding, the Foundation intends to work in collaboration with the Chancellor's Office to build organizational capacity to further the student success agenda and serve as a resource for systemwide student success activities, with a focus the first year on student data and technology services. The California Education Policy Fund was established in 2011 with a leadership gift from the William and Flora Hewlett Foundation; grants are managed by Capitol Impact for Rockefeller Philanthropy Advisors.

This award marks the successful launch of our new student success flagship fundraising initiative and bolsters the Foundation's ability to work collaboratively with the Chancellor's Office to increase student success. The initiative is focused on bringing private support to assist in the implementation of student success recommendations, especially in areas where the Foundation can provide the

most assistance. These new efforts will be leveraged for future opportunities and growth, as we continue to engage additional funders to champion this critical cause.

### **Career Pathway Program**

The Career Pathway Program works with public and private sector organizations to employ student assistants on behalf of these entities. Due mainly to contracts with participating state agencies, the Career Pathway Program has grown significantly over the last several years. This summer approximately 411 of the program's 460 student assistants worked at state agencies and nearly \$7.1 million in revenue had been budgeted for the total program this fiscal year. Revenue from the program pays the student assistants for the work they perform and covers the Foundation's administrative costs of running of the program.

Recently and unexpectedly, the program has been severely negatively impacted by the actions of the state of California, which dramatically reduced its usage of student assistants within their agencies for this fiscal year. In June 2012, the state of California and the Service Employees International Union Local 1000 entered into a side letter agreement for the remainder of this fiscal year (i.e., through June 30, 2013). The side letter agreement provides that by September 1, 2012 the state eliminate the positions of all non-represented student assistants who are performing Service Employees International Union bargaining unit work. It also prohibits hiring student assistants performing such work during this fiscal year.

While our contracts technically do not allow our students to perform bargaining unit work, the California Department of Human Resources, which provides guidance on personnel matters to state agencies, interpreted the side letter agreement to apply to our contracts and to the work done by nearly all of our student assistants working within state agencies. As a result and despite our arguments to the contrary, 98 percent of our student assistants working within these agencies are scheduled to lose their positions by September 1, 2012.

The Foundation responded immediately by developing strategies and communication plans hoping to reverse this situation or, at a minimum, to lessen its impact. Some of these efforts have included calls made by Chancellor Jack Scott in support of our program, sharing information and ideas with other organizations that perform similar services, meeting with the Director of the California Department of Human Resources and with our agency partners, and helping students by providing information and tools to assist them in advocating to save their positions. In spite of these efforts, very few of the state agency student assistant positions are being retained.

While we are hopeful that our remaining agency contracts will be more fully utilized during the next fiscal year, once the side letter agreement expires, our recent efforts have shed light on the urgent need to shift the direction of the Career Pathway Program to be more private sector-based. The main thrust of our private sector strategy is to identify, create, and fill student assistant placement opportunities with organizations in growth industries throughout the state. Several promising industry sectors are being pursued, including healthcare, information technology, and green energy (and other areas promoting sustainability). The latter sector aligns very well with our desire to expand our existing Developing Energy Efficient Professionals Student Assistant Program being piloted through Southern California Edison. Over time, this will help produce a more diverse and sustainable student assistant program. As the program rebuilds, we anticipate it benefitting many

more students along with communities throughout the state, California's workforce and its economy.

### **Microsoft Student Software Offerings**

The Foundation had operated the Microsoft Student Select program, providing students large discounts on the latest Microsoft software, for many years. Microsoft decided to end the program and switch to a new offering that results in higher prices for our students. The Foundation and Chancellor's Office, along with other institutions of higher education across the United States, aggressively fought to have Microsoft reverse their decision. Unfortunately, Microsoft continued with their plan and ended the Student Select program in March of 2012.

Letters written to Microsoft executives from Chancellor Jack Scott and the Foundation for California Community Colleges CEO Keetha Mills provided an avenue for discussion about a new offering for California community college students. After many months of dialog and negotiations, the Foundation's CollegeBuys program team and Microsoft have settled on a new offering for students to replace the Student Select program. The new program will allow students to purchase the rights to use Microsoft software while in school and convert those rights to a wholly owned license upon completion for less than \$50, which are at least half the cost of our previously operated Student Select program and approximately 90 percent less than general retail prices.

### **Air Quality Program Initiatives**

The Foundation is winding down operations of the Vehicle Repair, Retirement and Replacement for Motorists Program funded in 2010 by the \$20 million Reformulated Gasoline Settlement Fund. The program has proven immensely successful, meeting all programmatic benchmarks and fully distributing all available funding for consumer incentives far ahead of the originally scheduled end date of February 2013. Program wind-down and closeout activities are expected to continue through the end of the calendar year. Our successes in promoting and operating the Vehicle Repair, Retirement and Replacement for Motorists Program have led to a number of new business opportunities within the air quality sector as more fully described below.

The Foundation has reached an agreement with the Bureau of Automotive Repair to develop and implement a \$1 million community awareness and outreach campaign to better inform the public of the services available to them through the existing Smog Check Referee network, which is administered by the Foundation at approximately 30 community college campuses. The Foundation will develop brochures and flyers that will be distributed to over 1,000 sites where vehicle information might be sought (auto parts stores, Bureau of Automotive Repair field offices, the Department of Motor Vehicles, etc.) as well as develop an internet and social media-based awareness campaign. The Bureau of Automotive Repair has also requested that the Foundation pursue the use of existing community college resources including campus newspapers and radio broadcasting to promote the increased utilization of the Smog Check Referee network.

The Bureau of Automotive Repair performs smog tests on millions of vehicles per year and has amassed a vast amount of information on failures and repair of pollution control systems and devices. As a result of the Foundation's successful operation and expertise obtained from administering the Vehicle Repair, Retirement and Replacement for Motorist Program, which included a robust high-emitting vehicle repair operating component, the Bureau of Automotive

Repair has engaged the Foundation to perform a \$250,000 six-month data mining and analyses project with the goal of developing a simple set of rules regarding the conduct of vehicle repairs using public funds that take into account the remaining life of the vehicle, costs associated with diagnosis and repair, and durability of emission control components and repairs. This opportunity expands upon the Foundation's support role to the Bureau of Automotive Repair, provides the opportunity to employ students interested in green technology and data analytics, and demonstrates our ability to provide insight and services outside of our traditional role of Bureau of Automotive Repair Smog Check Referee program administration.