

Los Angeles Community College District

District Budget Committee Meeting Minutes

November 14, 2012

1:30-3:30 p.m., Board Room, District Office

Roll Call

Committee members present as indicated (X).

Academic Senate

David Beaulieu	X
Dana Cohen	X
Jeff Hernandez	X
Lauren McKenzie	X
Tom Rosdahl	X

L.A. Faculty Guild

Carl Friedlander*	X
John McDowell	X
Armida Ornelas	X
Olga Shewfelt	X
Joanne Waddell	X

Unions/Association

Bobbi Kimble	X
Leila Menzies	
James Bradley	X
Velma Butler	
Lubov Kuzmik	
Richard A. Rosich	
Jim Adams	X

College Presidents

Farley Herzek**	
Jack E. Daniels III	X
Nabil Abu-Ghazaleh	X
Monte Perez	X
Kathleen Burke-Kelly*	X
Marvin Martinez	X
Roland Chapdelaine	X
Sue Carleo	X
Renee Martinez**	X

Student Trustee Rep

Joseph Tucker

* DBC CO-chairs

** Interim

Also Present

Resource Persons

Adriana Barrera
 Jeanette Gordon
 Daniel LaVista
 Cathy Iyemura
 Jeanette Gordon
 Vinh Nguyen
 Yasmin Delahoussaye

District Office

Maury Pearl
 Michael Shanahan
 Perin Reid
 Sarah Master

Guests

Rolf Schleicher
 Don Gauthier
 Ann Tomlinson
 Ken Takeda
 Ann Tomlinson
 Maureen O'Brien
 Mary Gallagher
 Ferris Trimble
 Furukawa, Tom
 Maureen O'Brien
 Ann Tomlinson
 Daniel Villanueva

1. Call to Order

The meeting was called to order by Kathleen Burke-Kelly at 1:40. She introduced James Bradley, a custodian at Southwest, who will be serving as the SEIU representative. Due to change of the Board of Trustee's meeting from Dec. 12 to Dec. 5, Burke-Kelly suggested that the DBC meet on Dec. 12, rather than the 5th. A motion to that effect was approved.

2. Approval of Agenda

The agenda was approved without change.

3. Approval of Minutes for Nov. 14, 2012

The minutes were approved with two changes: Change the bullet point on page 3 to read "West is at 97% personnel and utility costs." Add to the paragraph on page 3 beginning with "Abu-Ghazaleh amended..." a sentence after the first one, reading "Hernandez offered a second with the addition that the Executive would explore insuring that ongoing accreditation costs are included."

4. Prop. 30—Education Protection Act 2012

Jeanette Gordon reported on the details emerging re Prop. 30. The CCC is now projected to receive revenue for 2012-13 of \$855 million, a much larger figure than was previously reported. Following points are known at this point:

- We are uncertain about the exact revenue total to be collected
- State does not plan to distribute cash until June, 2013
- Each district's board will be required to adopt a spending plan
- Districts must also publish a report on its website of its annual revenue and spending
- An independent audit to verify proper expenditure of funds is also required

As for LACCD in particular, our estimated share is \$78m, again a higher figure than we anticipated (by \$21m).

- We will be able to restore approximately \$31m (7.28% workload reduction)
- We will receive approximately \$3.9m in "growth" money (actually, restoration funding, per Chancellor Brice)
- About \$15m will be used to reduce our cash deferral obligation
- Funds can't be used for salaries and benefits for administrators or any other administrative costs

A discussion about deferrals followed. Since the deferrals are just cash withheld, they neither increase nor decrease the district budget, as their total is already included in the budget. No one was certain about the discrepancy between the state's latest figures and the expected totals. It is anticipated that any final difference will be used to buy down deferrals. The figures the district was given (\$31m and \$3.9m, see bullets above) were distributed to the presidents, and colleges for planning their schedules accordingly. Chancellor LaVista wrote to all district employees with these totals immediately after the election.

It was clarified that Prop. 30 funds do not necessarily have to go to add classes, but can't be used for administrator salaries and expenses.

Gordon's handouts included a chart showing all of these funds distributed to the colleges, with no allocation to the district office nor to centralized accounts.

5. 2012-13 College Enrollment Planning Update

Our 2011-12 reported FTES was 103,529, and our funding base for 2012-13 is 95,953 (not including the growth funding). That leaves a discrepancy of 7,576. Colleges have been given new targets, even though we're not sure of our exact funding. Winter was only 2,000 last year, while spring was 47,000. With last year's totals, we can reach our goal this year. Carl Friedlander suggested that FTES sharing between colleges may possibly be needed, as some are struggling to meet base, while others are way over. The first summer term can be used in 2012-13, if desired, but then it wouldn't be available for the next year. Cathy Iyemura said we don't have information on how many students were turned away last year. John McDowell suggested that clear targets be set now, so colleges can plan. They already are planning, according to Joanne Waddell.

Brady asked about the Prop. 30 exclusion of administrative costs, and from the ensuing discussion, it appeared unclear as to whether or not this affected classified.

6. 2012-13 First Quarter Report/Projection

Gordon said it was too early to report on individual colleges, given that the first quarter had just ended. It would be better to wait till the end of the second quarter.

A handout was distributed showing the financial forecast for FY 2011-12 through 2016-17. The discussion focused on the 6% reduction (\$25.9m) expected this year. Gordon argued that the state had cut our revenue and that the colleges were not cutting correspondingly. The 6% cut has not been achieved by all the colleges (six or seven claim to have done so). Our budget is \$6m less than last year, and our balance is down by \$15m from last year. Friedlander replied that some \$400m/yr was now anticipated for California community colleges, though admittedly it could be directed largely to paying down the deferral. Still, he anticipates a more optimistic future, with Prop. 98 revenue ample. LaVista said there was still a lack of clarity about future state revenue, given the reliance on capital gains income and the fact that revenue was not

coming in as expected.

There was a disagreement as to how much health costs will increase this year. Armida Ornelas said it will be closer to \$3m than \$5m, while Vinh Nguyen said \$5m was actually a conservative figure.

Several faculty suggested that the 6% cut was too extreme, given how much the colleges have already cut ("already into the bone," as Jeff Hernandez put it). Olga Shewfelt moved that the 6% figure be reduced. Beaulieu and McDowell suggested instead reducing the contingency reserve from 7.5% to 5%. Carleo stressed the need to focus on meeting FTES targets, and Hernandez thought we should wait for a report from the colleges' budget assessments.

After further discussion, it was moved that the question be directed to the Executive, to report back to the body on Dec. 12. The motion was passed unanimously.

7. FON Update

Adriana Barrera reported that the Full-Time Obligation Number was 1,445 this year, a lower figure than earlier years due to the workforce reduction. The district reached that total, and our percentage went up slightly to just under 65% (64.95%). 72 NOI's were submitted and 63 probationary faculty were hired. The Board of Governors voted not to trigger an increase in the FON for next year, given the continuing budget difficulties. Barrera will have a further report on Dec. 12.

8. Executive Committee Report and Recommendations

No report was given.

9. DBC Recommendations to Chancellor

There were no recommendations at this time.

The meeting adjourned at 3:25.