

Los Angeles Community College District

District Budget Committee Meeting Minutes

April 22, 2015

1:30-3:30 pm, Board Room, Educational Services Center

Roll Call X Indicates Present

Academic Senate

David Beaulieu	X
Joseph Perret	X
Vacant	
Jeff Hernandez	X
Donald Gauthier	X
Vacant	

L.A. Faculty Guild

Joanne Waddell	X
Olga Shewfelt	X
Sandra Lee	X
John McDowell *	X
Armida Ornelas	
John Sikora	X

Unions/Association

Luis Dorado	X
Hao Xie	X
Lubov Kuzmik	
Leila Menzies	
Velma Butler/Shirley Chen Page	
Richard A. Rosich	
Kathleen Becket	

College Presidents

Renee Martinez	X
Marvin Martinez*	X
Otto W. Lee	X
Monte Perez	
Kathleen F. Burke	X
Linda D. Rose	X
Larry Frank	X
Erika A. Endrijonas	X
Nabil Abu-Ghazaleh	

Student Trustee Rep

Sami Sandhu

* DBC CO-chairs

** Interim

Also Present

Guests

Resource Persons

Adriana Barrera	X
Jeanette Gordon	X
Maury Pearl	X
Bobbi Kimble	X
Vinh Nguyen	X
Chancellor Francisco Rodriguez	
Albert Roman	

Rolf Schleider	X
Daniel Villanueva	X
Ken Takeda	X
Dan Walden	X
Bob Suppelsa	X
Ferris Trimble	X
Ferris Trimble	X
Violet Amrikhas	X

1. **Call to Order** by DBC Co-Chair Mr. John McDowell at 1:35 pm.
2. **M/S/P Agenda** approved as presented.
3. **M/S/P Approval of Minutes** – Minutes of March 18, 2015 were approved with following corrections:
 - Page 1, Item # 3, minutes of February 18, 2015
 - Page 3, Item # 7, Corrected motion (M/S/P) – Advance to all colleges \$4,000 per FTES for a 2% growth over-cap and colleges will keep only what they earn.
4. **Chancellor’s Remarks/Updates** – None
5. **Chancellor’s Recommendations (Gordon)**

Gordon distributed the revised proposed uses of new potential \$45 million increase in state revenue for FY 2015-16, excluding COLA and growth, which had been discussed at the last DBC meeting. She reported that Chancellor’s Cabinet reviewed the recommendations and made several revisions to the proposal in (bold and underline below):

- \$11 million for Base Allocation increase
- \$4.2 million for enhanced non-credit rate increase
- \$30 million for outstanding state mandate claims block grant

Proposed Uses:

- \$4 million to cover STRS/PERS contribution rate increases
- \$1 million to fund ongoing accreditation planning activities
- \$8 million set aside for 2015-16 salary increase (2% above COLA and growth)
- \$4.2 million for enhanced non-credit rate increase to augment college budgets to cover colleges’ operating expenses
- ~~\$3 million to fund new FON hires for Fall 2015~~
- \$10 million for Instructional Equipment and Deferred Maintenance Projects
- \$15 million \$10 million set aside as special reserve to cover the elimination of Proposition 30 portion of sales tax expired in 2016
- \$1.5 million for SIS Training
- \$2 million for ESC Electrical System Upgrade, Alleyway Improvement, and Network Connection for Disaster Recovery
- Remaining \$4.5 million – increase college budgets to cover other expenses (i.e. college deficits, additional funding for accreditation activities, etc.)

M/S/P - \$10 million set aside to fund colleges to cover future budget shortfalls

It was indicated that the \$1.5 million for SIS training is not funded by bond project funds and will need to be funded from General Fund.

Dr. Barrera indicated that the ESC Electrical System Upgrade, Alleyway Improvement, and Network Connection for Disaster Recovery are critical and emergency items. Questions were also raised as to

why the deferred maintenance reserve fund cannot be used to cover the \$2 million for ESC projects. It was indicated that the deferred maintenance reserve fund has all been committed and there are no funds left for the ESC projects.

There was discussion about the proposed \$10 million set aside as special reserve to cover the elimination of Proposition 30 portion of sales tax expired in 2016. Support was expressed for the \$10 million set aside but not to attach it solely to the expiration of the Proposition 30 sales tax in 2016. Some raised concerns about colleges still having inadequate funds, and that funds should be going out to colleges to support general operations. Some indicated that it is prudent to set aside funds to address future cost increases, including unfunded liabilities and other increasing future operations costs. It was noted that May Revision may bring in larger funding and would provide new funds to address college needs.

M/S/F - Delete \$10 million set aside as special reserve. (7 Yes, 11 No)

Support was voiced for a special reserve but the reserve would have to be used to address future budget shortfalls, not specifically to cover the elimination of Proposition 30 funds.

M/S/P – Approve the revised Chancellor’s Recommendations including the amendment of the \$10 million set aside to fund colleges to cover future budget shortfalls.

6. Enrollment Update (Pearl)

FTES projection as of April 6, 2015 showed that the District as a whole is at 104,572, slightly above a 4.75% target. Seven colleges are projecting to meet 4.75% targets. Southwest College is projecting to achieve 8% growth. City College is projecting at close to base. The projection included Summer I projection for several colleges. Mary Pearl reported that the Second Period Accounting Attendance report will be close to 104,572. It will be a basis for the State Chancellor’s Office to revise the funded enrollment growth revenue for the Second Principal Apportionment (P2).

Members inquired about the expenditure per FTES study (cost of enrollment) for future review.

7. Institutional Effectiveness = Framework of Indicators (Bobbi Kimble & Jeanette Gordon)

Bobbi Kimble reported that the State requires that each college develop, adopt, and post institutional effectiveness goals framework for FY 2015-16 as mandated by SB 860. Similar information has been reported to the Institutional Effectiveness Committee. A list of the framework of indicators was provided. In this initial year (FY 2015-16) of implementation, four goals below will be required to be reported to the State by June 15, 2015 and posted on the State Chancellor’s Office’s website by June 30, 2015:

- Student performance and outcomes: **Course Completion Rate**
- Accreditation status: **Accreditation Status**
- Fiscal Viability: **Fund Balance**
- Compliance with State/Federal guidelines: **Overall Audit Opinion**

College and ESC staff attended statewide training. College District goals will be collected by the Institutional Effectiveness Office (Maury Pearl) and posted online centrally to the State Chancellor’s Office website.

Jeanette Gordon presented the District's proposed Fiscal Viability Goals for FY 2015-16:

- Fund Balance = Minimum 10% of the Unrestricted General Fund expenditures
- Overall Audit Opinion = Unmodified

She also presented three optional goals (salary and benefits, full-time equivalent students, and Annual Operating Excess/Deficiency) which are not required for FY 2015-16, with five-year detail expenditure data comparison.

The Committee discussed and proposed to strike out the language "minimum" to amend the Fund Balance goal to be "**10% of the Unrestricted General Fund expenditures.**"

M/S/P – approve the Fiscal Viability Goals for FY 2015-16 as amended as follows:

- **Fund Balance = ~~Minimum~~ 10% of the Unrestricted General Fund expenditures**
- **Overall Audit Opinion = Unmodified**

8. Board Budget and Finance Committee and ECDBC Committee Report and Recommendations (Gordon)

J. Gordon reported that the Board Budget and Finance Committee approved the DBC recommendation on the distribution of \$4.49 million from the 2013-14 P1 Recalculation and recommendation to increase funding for a 2 percent Growth Over-cap from \$2,324 per FTES after \$4,000 per FTES with long discussion. The Board Budget and Finance Committee has expressed concern about allocating out these funds and had difficulty understanding how colleges will spend this late in the year. It is difficult to explain to the Board that colleges have planned and used these funds in their budgets. The Committee would like to express its thanks the Chancellor's support in getting the Board to approve the DBC recommendation.

ECDBC is still working on the Student Equity Funding formula for FY 2015-16. Some indicated that Student Equity funds may be used to intervene in the program areas that are showing considerable student failure. It also must be remembered that Student Equity has five core requirements that every college has to meet, so before setting aside funds for district-wide initiatives, it must be kept in mind that colleges have to meet the requirements, not the District.

9. Notice of DBC Co-chair Election (Faculty) -

10. DBC Recommendations to the Chancellor – two recommendations:

- ✓ Amended Chancellor's Recommendations
- ✓ Fiscal Viability Goals for FY 2015-16

11. Items requested from DBC members to ECDBC

- ✓ Enrollment Management Practices
- ✓ Safety and Sheriff's Contract
- ✓ Student Equity Funding
- ✓ Evaluation of Budget Allocation Model
- ✓ Integration of Planning and Budget

The meeting was adjourned at 3:40 pm.

Future Meetings: May 20, June 17.