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Los Angeles Community College District

District Budget Committee Meeting Minutes

February 13, 2013

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

Roll Call

Committee members present as indicated (X).

Academic Senate

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

L.A. Faculty Guild

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

Unions/Association

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

College Presidents

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

Student Trustee Rep

Joseph Tucker

* DBC CO-chairs

** Interim

Also Present

Resource Persons

Adriana Barrera
Vinh Nguyen
Daniel LaVista
Perrin Reid
Yasmin Delahoussaye

Guests

Mary Gallagher
Michael Shanahan
Ann Tomlinson
Ken Takeda
Tom Furukawa
Maureen O'Brien
Paul Carlson
Ferris Trimble
Violet Amrikhas
John Freitas

1. Call to Order

The meeting was called to order by Carl Friedlander at 1:40.

2. Approval of Agenda

The agenda was approved, with the addition of item #6, Budget Allocation Model Review Update.

3. Approval of Minutes for Jan. 29, 2013

The minutes were approved without changes.

4. Executive Committee Report and Recommendations

Kathleen Burke-Kelly summarized the first recommendation from the Executive Committee, having to do with accreditation planning activities. Despite earlier conversation in DBC to the contrary, the committee recommended that no district-wide funds be set aside to cover college accreditation planning activities. Rather, the committee said that the costs for these activities should be included in the colleges' annual budgets. Burke-Kelly reviewed the recent decision to assist the three seaside colleges, but said that was a unique situation, with a very short timeline. Other Executive members noted that accreditation preparation is supposed to be an integral part of each college's planning and budgeting. Yasmin Delahoussaye pointed out the likelihood of a considerable expense for the district in 2015 or 2016, amounting to around \$.5 million, assuming all colleges and the district office are accredited together. It was felt that those logistical costs could be dealt with at that time. Monte Perez remarked on the additional expenses accreditation now requires.

The motion from the Executive was approved, with a single vote against.

The second recommendation from the Executive had to do with the distribution of the state-mandated costs reimbursement fund. Burke-Kelly and David Beaulieu summarized the issues involved. There were two primary ones: first, whether the funds should be distributed differently than in past years, and second, whether or not the district office and IT merit having their deficit covered in this way.

Normally the fund is distributed entirely to the colleges (and is considerably smaller than this year's total). This year, in order to make up for a shortfall in the district office and IT budgets of approximately \$1.9 million, it was suggested that 85% of the money remain downtown.

The Executive position was that the fund be distributed to the colleges as in the past, but that the colleges be assessed for 50% of the budget shortfall of the district office and IT.

A countermotion from Jeff Hernandez would have distributed the fund to the colleges, but resolved the district office/IT shortfall in part by taking the money from the contingency reserve. It failed on an 8-10 vote.

5. FON Planning for 2012-13

Our FON will hold at 1,445 next year, according to Adriana Barrera. It will increase after that, but not by too much. All separations for 2013 will be replaced, and 30 additional positions will be funded. A three-year subsidy for these new positions will be created, as in past years. The college presidents reached a consensus on a total number of hires and divided that number up between the colleges, following their own criteria. Lots of commitments to hire have already been filed with the district office. HR will set up the same sort of supporting mechanisms they used last year.

6. Budget Allocation Model Review Update

Vinh Nguyen reviewed the new dates for the review of the budget allocation model. The original planning timeline called for the Phase 2 study to be completed in 2012, but it will not be done until later this year. There was some discussion about the topic of Productivity and Efficiency, which the Executive Committee felt was handled sufficiently in Phase 1. The Growth Formula proposal is due to be brought to the DBC shortly. There was also discussion about the need to evaluate the allocation model, especially given accreditation recommendations.

7. EPA Fund Update

Friedlander clarified why it is we identify \$78m of LACCD revenue as EPA funds, when we are only receiving about \$50m in total (\$31.3m to restore the 7.28% workforce reduction, \$3.9 for growth/restoration, and \$15m in deferral buy-down). The explanation has to do with the fact that districts are getting 1.5 years worth of Prop. 30 money in the current year.

8. 2012-13 Second Quarter Projection

Nguyen reviewed a handout showing the second quarter projections. A \$78m balance is projected, consisting of \$23.5m in the general reserve, \$34m in the contingency reserve, and \$15m in deferral buy down. The numbers could change, depending on spring and summer enrollment. The contingency reserve, which is still at 7.5%, has hardly been used to date (only \$.8m has been spent). The Board Finance and Audit Committee is expected to soon take up the proposal to reduce the reserve to 5%.

Nguyen also reported possible midyear corrections due to uncertainty about shortfalls in redevelopment agenda revenue, property tax, and student fees. In addition, cash flow problems

related to state payment deferrals and EPA funds not received until June will necessitate the issuance of TRANS (not to exceed \$80m). This will allow us to meet our cash flow requirements through the fiscal year.

Finally, there was a discussion of the impact on the district if the governor's proposal on adult education funding is enacted. While the governor has proposed reducing the areas of adult education from nine to five, that would still be an enormous amount of additional work for CCC's. He has proposed \$300m in funding to accomplish this, while \$900m was spent on adult education last year in K-12 districts. This challenge would be especially acute for LACCD, both financially and practically, given that LAUSD has 25% of the adult education in the state, but LACCD gets only 8% of state funding for community colleges.

9. DBC Recommendations to the Chancellor

There was no discussion of recommendations beyond what was decided in item #4.

The next DBC meeting will not be held March 13, due to accreditation visits. It will be rescheduled for either March 21 or 26. Members will be polled for their preference.

The meeting adjourned at 3:35.