

LOS ANGELES COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
BUDGET & FINANCE COMMITTEE
Los Angeles Pierce College
Student Community Center/Great Hall – Building 1900
6201 Winnetka Avenue
Woodland Hills, CA 91371
Wednesday, November 6, 2013
2:30 p.m. – 3:30 p.m.

Committee: Scott J. Svonkin; Chair; Ernest H. Moreno, Vice Chair; and Mike Eng, Member

Trustee Svonkin called the meeting to order at 2:33 p.m.

PUBLIC SPEAKERS

None.

REPORTS/RECOMMENDATIONS/ACTION

Debt Repayment Policy

A document entitled “College Debt Repayment Policy” was distributed.

Trustee Svonkin indicated that the College Debt Repayment Policy did not show the revisions that have been made.

Ms. Jeanette Gordon summarized the revisions that were made since the development of the policy to the present. She continued to discuss the document with respect to the repayment plan.

Trustee Svonkin expressed his concern that the College Debt Repayment Policy plan does not demonstrate to the public that the LACCD is holding the colleges accountable for not maintaining a balanced budget.

Ms. Gordon responded that the District Financial Accountability Measures that the Board recently approved have standards in place with consequences for the colleges that do not have a balanced budget at the end of the fiscal year.

A question and answer session was conducted regarding the conditions listed in number 2 of the College Debt Repayment Policy as it pertains to an incentive for the colleges to have balanced budgets.

For the record: Trustee Moreno stated that the proposed Debt Repayment Policy does not address the colleges' consistent deficits.

Interim Chancellor Barrera recommended that the fourth bullet be revised as follows:

- ~~Has paid off 50% or more of its total debt. If the college continues to maintain a balanced budget in the subsequent year*, the remaining debt repayments shall be waived for the remainder of the repayment shall be waived for the remainder of the repayment period. Howeverm if the college fails to maintain a blanced budget in the subsequent years, the remaining debt repayments shall not be waived.~~
- Balanced its budget for three consecutive years or the District Budget Committee (DBC) and Excutive Committee of the DBC can make a recommendation to the Board to either waive the remaining debt or recommend a repayment plan.

Motion by Trustee Svonkin, seconded by Trustee Eng, to recommend to the full Board the College Debt Repayment Policy as presented with the following revision to the fourth bullet:

- ~~Has paid off 50% or more of its total debt. If the college continues to maintain a balanced budget in the subsequent year*, the remaining debt repayments shall be waived for the remainder of the repayment period. Howeverm if the college fails to maintain a blanced budget in the subsequent years, the remaining debt repayments shall not be waived.~~
- Balanced its budget for three consecutive years or the District Budget Committee (DBC) and Excutive Committee of the DBC can make a recommendation to the Board to either waive the remaining debt or recommend a repayment plan.

APPROVED: 2 Ayes (Eng, Svonkin)
1 No (Moreno)

Motion by Trustee Svonkin, seconded by Trustee Eng, to reconsider the College Debt Repayment Policy as it relates to the last bullet:

- One year suspension of the college debt repayment will be given to interim and/or new college presidents to allow them time to plan and address the college fiscal issues.

APPROVED: 2 Ayes (Eng, Svonkin)
1 Abstention (Moreno)

Motion by Trustee Svonkin, seconded by Trustee Eng, that the “and” be deleted to the last bullet to clarify that only one year suspension of the college debt repayment will be given to interim ~~and~~ or new college presidents to allow them time to plan and address the college fiscal issues.

APPROVED: 2 Ayes (Eng, Svonkin)
1 No (Moreno)

- Disposition:**
- Motion by Trustee Svonkin, seconded by Trustee Eng, to recommend to the full Board the College Debt Repayment Policy as presented with the following revision to the fourth bullet:
 - ~~Has paid off 50% or more of its total debt. If the college continues to maintain a balanced budget in the subsequent year*, the remaining debt repayments shall be waived for the remainder of the repayment period. Howeverm if the college fails to maintain a blanced budget in the subsequent years, the remaining debt repayments shall not be waived.~~
 - Balanced its budget for three consecutive years or the District Budget Committee (DBC) and Excutive Committee of the DBC can make a recommendation to the Board to either waive the remaining debt or recommend a repayment plan.
 - **Motion by Trustee Svonkin, seconded by Trustee Eng, that the “and” be deleted in the last bullet to clarify that only one year suspension of the college debt repayment will be given to interim ~~and~~ or new college presidents to allow them time to plan and address the college fiscal issues.**

Internal Audits Quarterly Report

Mr. Arnold Blanshard distributed and discussed a document entitled "Los Angeles Community College District, Internal Audit Department, Finance and Audit Committee, Cash Control Audit, and Summary Report."

Trustee Svonkin requested that the implemented correction action plans be monitored and that staff report back to the Committee in February or March 2014 if the campuses are in compliance with staff's corrective action plan recommendations.

Mr. Blanshard continued to discuss the document with respect to the cash control audit as it relates to various common findings.

With respect to *F. Accounts Receivable 3. The LACCD does not account for non-payment of student fees as receivables associated with uncollectible student fees*, Trustee Svonkin requested that this item be brought back to the Committee for further discussion as it relates to the LACCD policy for non-payment of student fees and options to address the outstanding balance of 3 million for non-payment of student fees owed every fiscal year.

Interim Chancellor Barrera responded that this item will be brought back to the Committee for further discussion.

- Disposition:**
- ***Trustee Svonkin requested that the implemented correction action plans be monitored and that staff report back to the Committee in February or March 2014 if the campuses are in compliance with staff's corrective action plan recommendations.***
 - ***With respect to F. Accounts Receivable 3. The LACCD does not account for non-payment of student fees as receivables associated with uncollectible student fees, Trustee Svonkin requested that this item be brought back to the Committee for further discussion as it relates to the LACCD policy for non-payment of student fees and options to address the outstanding balance of 3 million for non-payment of student fees owed every fiscal year.***

Efficiency Audit Update

Ms. Gordon reported that the Request for Qualifications (RFQ) for Efficiency Audit was submitted to the Contract Office. She indicated that due to an extended illness leave of absence of the Contract Manager, she did not know when the RFQ would be processed.

Interim Chancellor Barrera stated that she was not aware of this issue.

Trustee Svonkin requested that this item be brought back to the Committee when appropriate.

- Disposition:**
- ***Trustee Svonkin requested that this item be brought back to the Committee when appropriate.***

Review of Contracting Policies

Trustee Svonkin indicated that this item is postponed until the next Committee meeting due to time constraints.

- Disposition:**
- ***Postponed until the next Committee meeting.***

FUTURE DISCUSSION/AGENDA ITEMS

Update on Overpayments
Budget Allocation/Growth Proposal
Update on Cost Savings from Master Agreements (Chancellor's Directive #142)
Schedule for Districtwide Bids on Major Items
Retirement Incentives

FUTURE BUDGET & FINANCE COMMITTEE MEETING DATES

- December 11, 2013

NEW BUSINESS

None.

SUMMARY – NEXT MEETING

Trustee Svonkin indicated that the Budget & Finance Committee is tentatively scheduled to meet on Wednesday, December 4, 2013.

ADJOURNMENT

There being no objection, the meeting was adjourned at 3:31 p.m.