

**LOS ANGELES COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
MINUTES – BUDGET & FINANCE COMMITTEE
Los Angeles Southwest College
School of Career and Technical Education Building, Room 131
1600 W. Imperial Highway
Los Angeles, CA 90047
Wednesday, February 11, 2015
12:45 p.m. – 1:45 p.m.**

Committee: Ernest H. Moreno, Chair; Mike Eng, Vice Chair; Steve Veres, Member
Trustee Moreno called the meeting to order at 12:46 p.m.

PUBLIC SPEAKERS

None.

REPORTS/RECOMMENDATIONS/ACTION

Enrollment Update

A document entitled "Special Report, Budget & Finance Committee, February 14, 2015" was distributed.

Trustee Moreno was pleased to report that enrollment was close to 100 percent. He expressed his concern that the section count increased with a small decline in enrollment. He recommended that this condition be track with respect to the efficiency index.

Executive Committee of the District Budget Committee/Chancellor Recommendations

- Los Angeles Valley College Financial Stability Plan

A memorandum addressed to "Dr. Erika A. Endrijonas, President, Los Angeles Valley College" was distributed.

Ms. Jeanette Gordon, Chief Financial Officer/Treasurer, indicated that Dr. Endrijonas and Mr. Mike C. Lee, Vice President of Administrative Services, were present to discuss the Los Angeles Valley College report that was prepared in response to the recommendations made by the Executive Committee of the District Budget Committee (ECDBC).

Dr. Endrijonas discussed the document with respect to the following three subsidies that the ECDBC had agreed to grant Los Angeles Valley College (LAVC):

1. Debt Repayment Waiver for 2014-15 based on the fact the college has a new president - \$558,037
2. Recommend fully fund 2% overcap at \$4,000 per FTES – Additional \$429,056 for 256 FTES
3. Subsidy for 11 new faculty hires to meet the Faculty Obligation Number (FON) requirements for Fall 2015 - \$825,000 over three-year period

With respect to Table 1. Cuts and Savings Actions, Trustee Moreno expressed his concern that the reductions are temporary cuts. He indicated that the cuts do not address the structural issues.

A question and answer session was conducted with respect to the various components regarding the ECDBC recommendations and the LAVC responses in addressing various issues of concern made by the Committee.

With respect to the College Debt Repayment Policy, Trustee Veres expressed his concern that without the approval of the Committee to recommend ECDBC subsidies to LAVC, the Debt Repayment Policy would have been deployed. He requested that a caveat be included with the motion to approve the ECDBC recommendations.

Chancellor Francisco C. Rodriguez discussed that LAVC corrective measures as presented in their report will allow the college to be financially stable going forward. He indicated that if the outcome is not positive the College Debt Repayment Policy will be deployed. He stated that he supports the ECDBC recommendations.

Motion by Trustee Veres, seconded by Trustees Eng, to recommend to the full Board the approval of Los Angeles Valley College's three requests as follows with the caveat that the College Debt Repayment Policy will be in effect if the college does not demonstrate a long-term financial stability outcome.

1. Debt Repayment Waiver for 2014-15 based on the fact the college has a new president - \$558,037
2. Recommend fully fund 2% overcap at \$4,000 per FTES – Additional \$429,056 for 256 FTES
3. Subsidy for 11 new faculty hires to meet the Faculty Obligation Number (FON) obligation requirements for Fall 2015 - \$825,000 over three-year

*APPROVED: 2 Ayes (Eng, Veres)
1 No (Moreno)*

- Faculty Obligation Number (FON) Subsidy for Fall 2015

A memorandum entitled "DBC Recommendation to Chancellor—Subsidy for Faculty Hiring (FON) for FY 2015-16" was distributed.

Ms. Gordon discussed the document with respect to the District Budget Committee recommendation to subsidize the Faculty Obligation Number (FON) for Fiscal Year 2015-16 for all nine colleges.

Motion by Trustee Veres, seconded by Trustee Eng, to approve the DBC recommendation to subsidize FON for Fiscal Year 2015-16.

APPROVED: 3 Ayes

Future Costs Analysis

- CalSTRS/CalPERS Rate Increase

A document entitled "Future Cost Analysis—CalSTRS and CalPERS Rate Increases" was distributed.

Ms. Gordon discussed the document with respect to CalSTRS/CalPERS Assumptions and the impact on the Los Angeles Community College District (LACCD) concerning the rate increases and annual required contributions over the next seven years.

- Expiration of Proposition 30 Temporary Tax

A document entitled "Proposition 30 – Educational Protection Account Fund" was distributed.

Ms. Gordon indicated that Proposition 30 was voted in November 2012, which provides temporary taxes to fund education. She continued to discuss the impact on the LACCD once Proposition 30 Temporary Tax expires and the plans to address this issue in order to replace these funds.

- Affordable Health Care (Cadillac Tax)

A document entitled "Affordable CARE ACT March 20, 2010" was distributed.

Ms. Gordon indicated that the handout was informational only. She discussed the projected annual "Cadillac Tax" cost to the District, which is based on current CalPERS Health Plans.

2015-16 Preliminary Budget Development

A document entitled "Budget & Finance Committee, 2015-16 Preliminary Budget Development, February 11, 2015" was distributed.

Ms. Gordon discussed the document with respect to the 2015-16 Proposed Budget Planning Assumptions, various Budget Planning Priorities, Potential Needs and Recommended Uses of New State Funds, Excluding COLA and Funded Growth Revenue, 2015-16 Revenue Assumptions for Preliminary Budget Allocation.

A question and answer session was conducted with respect to the various components regarding 2015-2016 ongoing accreditation planning activities/funding needs.

Update on Outstanding Requests

- Information Technology Expenditures
- Costs of Legal Services

Chancellor Rodriguez indicated that he has received information on the costs of legal services and is reviewing it.

With respect to Information Technology Expenditures and the Costs of Legal Services, Trustee Moreno requested that the information be provided in a formal outline in order to focus on various issues of concern.

FUTURE DISCUSSION/AGENDA ITEMS

- Update on Cost Savings from Master Agreements (Chancellor's Directive #142)
- Retirement Incentives

FUTURE BUDGET & FINANCE COMMITTEE MEETING DATES

- March 11, 2015

NEW BUSINESS

None.

SUMMARY – NEXT MEETING

None.

ADJOURNMENT

There being no objection, the meeting was adjourned at 3:20 p.m.