

Los Angeles Community College District

District Budget Committee Meeting Minutes

July 15, 2015

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

Roll Call X Indicates Present

Academic Senate

Vacant	
Joseph Perret	
Leslie Milke	X
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	X
John Sikora	X

Unions/Association

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

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
Robert Sprague **	X

Student Trustee Rep

Sami Sandhu

* DBC CO-chairs

** Interim

Also Present

Resource Persons

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

Guests

Mike Lee	X
Iris Ingram	X
Ann Tomlinson	X
Dan Walden	X
Selina Chi	X
Ferris Trimble	X
Bob Suppelsa	X
Violet Amrikhas	X
John Al-Amin	X
Rasel Menendez	X
Angela Echeverri	X

1. **Call to Order** by DBC Co-Chair Mr. Marvin Martinez at 1:40 pm.
2. **M/S/P Agenda** – Approved with one change – withdrawn Agenda Item #4, Proposed DBC Name Change.
3. **M/S/P Approval of Minutes** – Minutes of June 17, 2015 were approved with corrections to note that Leslie Milke as not present and “Mr. John McDowell was elected by **acclamation**...”
4. **Proposed DBC Name Change** - Withdrawn
5. **Chancellor’s Remarks/Updates** – Chancellor Rodriguez commended the Committee’s efforts for supporting our mission and our interest at the state level funding for continuing to advocate for four of the top budget/funding priorities in FY 2014-15 that the District was focusing on: growth, base allocation, adult education, and concurrent enrollment.

The Chancellor also provided briefly the status of the State funding for FY 2015-16 in Adult Education, Concurrent Enrollment, Full-time Faculty Hiring, and Dual Enrollment. He indicated that the budget is good, but is still not fully restored back to the funding levels of 2008-09. The District has to invest for future down times and address many future needs and challenges such as increases in STRS and PERS contributions, OPEd, infrastructure needs for each college, Proposition 30 temporary tax expirations, and other future needs of the District.

Some members expressed reservations regarding Chancellor’s comments on OPEd and indicated that they would not support any increases funds to OPEd beyond the current OPEd funding level.

Mr. Marvin Martinez announced and welcomed to the DBC, Mr. Robert Sprague as the interim president at the West Los Angeles College.

6. **State Budget Update (Gordon)**

Ms. Gordon distributed the 2015-16 Final Budget Development document. She provided summary highlights funding for California Community Colleges as in the State Adopted Budget (AB93) signed by Governor and the impact on the LACCD budget for FY 2015-16:

For apportionment:

- COLA (1.02%) - \$5.18 million for LACCD
- Growth (3%) - \$14.3 million for LACCD
- \$266.7 million increase in Base Allocation Funding - \$22 million (est.) for LACCD
- \$62.3 million for full-time faculty hiring - \$5.6 million (est.) for LACCD

Other Additional Funding:

- \$60 million in one-time funding for Basic Skills and Outcome Transformation Program – competitive grant
- \$100 million increase for Student Success and Support program (SSSP) and \$85 million increase for Student Equity - \$8 million in SSSP and \$6.8 million in Student Equity for LACCD
- \$148 million for Deferred Maintenance with no matching requirement - \$14 million for LACCD
- \$603 million to pay down outstanding mandates - \$50 million for LACCD
- \$2.5 million to fund COLA for categorical programs - \$300,000 (est.) for LACCD
- \$500 million for Adult Education - \$15 to \$25 million for LACCD

The committee discussed the proposed distribution of the \$5.6 million of full-time faculty hiring fund based on FTES similar to the State allocations to all districts. The District will be required to hire 60 new faculty to receive this new revenue. Some members would like to see the funding distribution be aligned to the FON hiring requirements. FON obligations are directly related to FTES growth. As the colleges and the District generated additional funded growth FTES and received additional funded growth revenue, additional numbers of new faculty (FON) are required.

The Committee recommended to having a full study and review by the ECDBC of this item before distributing the full-time faculty fund to the colleges.

M/S/P – Withdraw the distribution of the \$5.6 million fund for Full-time Faculty Hiring until ECDBC review and provide recommendation back to the DBC. (3 No and 1 Abstain).

7. 2015-16 Enrollment Planning Target (Pearl)

Maury Pearl distributed the 2015-16 FTES Growth Target for each college based on the projected 2015-16 Funded Base FTES with a 3% growth rate scenario and the college planned growth rates (targets). The college planned rate is based on the feedback from each college, and this will achieve an over all 4.54% growth target for the District for FY2015-16:

- City – 0%
- East – 7%
- Harbor – 3%
- Mission – 5%
- Pierce – 7%
- Southwest – 3%
- Trade-Tech – 6%
- Valley – 3%
- West – 3%

Members commented on the college planned growth rates, specifically for a college that plans for zero growth and the impact to the growth funding available to colleges. How does college planned growth rate align with the colleges' demographic areas? Each college plans its enrollment target. However, the District sets an overall growth policy and target to achieve the enrollment growth target

that the District will receive the funded growth revenue for. The new state growth funding formula will provide a higher growth rate and more growth dollars for the District. Discussions need to take place on the individual college enrollment targets and their impact on the district's overall enrollment target.

8. Board Budget and Finance Committee and ECDBC Committee Report and Recommendations (Gordon) – None

9. 2015-16 Final Budget Development (Gordon)

Jeanette Gordon distributed the 2015-16 Final Budget Development which includes the State Adopted Budget update, impact on LACCD budget, and the Chancellor's Proposed/Recommendations on the uses of the estimated \$50 million of the State Mandate Reimbursement.

The Committee reviewed the Chancellor's proposal on uses of \$50 million of the State Mandate Reimbursement:

- \$20 million for a Special Reserve fund to cover future college budget shortfalls (increase from \$10 million to \$20 million)
- \$1 million for accreditation planning activities
- \$3.9 million for SIS Project Completion
- \$250,000 for Professional /Leadership Succession
- \$250,000 for West LA College's Startup Baccalaureate Program
- \$2.5 million for ESC Electrical System Upgrade, Alleyway Improvement, and Network Connection for Disaster Recovery
- Additional Proposed Funding Priorities and Initiatives: Basic Skills Initiatives, Emergency Preparedness, Bond Program Monitoring, Increase OPEB Contribution (GASB 45), Scheduled Maintenance, Repairs and Infrastructure Needs, College/District Safety Needs, College/District General Operational Costs Increases, District-wide Resources Development and Institutional Advancement.

Members raised concerns about the need to provide more time for college input and more money needs to go to college instead of holding back in reserve, lack of processes allowing colleges input of identifying needs, and how the uses of these monies align with the District/Colleges missions and priorities. The Committee requested an additional DBC meeting in August to continue discussion on the Chancellor's proposal and make final recommendations to include the Final Budget for Board adoption.

M/S/P - The committee also requested a special DBC meeting on August 12, 2015 to review the ECDBC recommendations to incorporate changes to Final Budget.

The Committee requested the ECDBC to specifically review the following proposals in the Chancellor's Recommendations:

- Funding for SIS Completion Project – 3 years,
- Centralized District/College Safety – Sheriff's Contract,
- \$20 million for Future Budget Shortfalls, and
- Funding Growth Rate

10. DBC Recommendations to the Chancellor - None

11. Items requested from DBC members to ECDBC

- ✓ Distribution of \$5.6 million for Full-time Faculty Hiring Fund
- ✓ Review Chancellor's Recommendations/Proposals – Uses of \$50 million State Mandate Reimbursement

The meeting was adjourned at 3:30 pm.

*Future Meetings: August 12, August 26, Sept 23, Oct 28, Dec 2, Jan 20, Feb 17,
March 16, April 20, May 18, June 29*

Los Angeles Community College District

District Budget Committee Meeting Minutes

August 13, 2014

1:30-3:30 p.m., Board Room, Educational Services Center

Roll Call X Indicates Present

Academic Senate

David Beaulieu X
 Joseph Perret
 Dana Cohen
 Jeff Hernandez
 Vacant
 Allison Moore X

L.A. Faculty Guild

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

Unions/Association

Allison Jones/Selina Chi X
 Galen Bullock X
 Lubov Kuzmik
 Leila Menzies
 James Bradley
 Velma Butler
 Richard A. Rosich

College Presidents

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

Student Trustee Rep

LaMont Jackson X

* DBC CO-chairs

** Interim

Also Present

Resource Persons

Adriana Barrera
 Jeanette Gordon X
 Cathy Iyemura X
 Bobbi Kimble X
 Vinh Nguyen X
 Albert Roman X
 Chancellor Francisco Rodriguez X

Guests

Rolf Schleicher X
 Mary Gallagher X
 Chito Cajayon X
 Don Gauthier X
 Ann Tomlinson X
 Violet Amrikhas X
 John Al-min X
 Ferris Trimble X
 Nestor Tan X

1. **Call to Order** by DBC Co-Chair Mr. Marvin Martinez at 1:35 pm
2. **M/S/P Agenda** approved as presented
3. **Approval of Minutes** – Minutes of June 18, 2014 were approved with a minor change to correct the reported Fall 2014 compliant number to 1421.1 on page 3 of the minutes.
4. Chancellor Rodriguez introduced new presidents to the committee, Dr. Otto W. Lee for Los Angeles Harbor College , Dr. Linda D. Rose for Los Angeles Southwest College, and Dr. Erika A. Endrijonas for Los Angeles Valley College.

Jeanette Gordon provided the updated information on the Executive Committee of the District Budget Committee (ECDBC) and the District Budget Committee (DBC). The DBC Charter, and memberships were reviewed. She emphasized that the DBC is the key budget committee for the District and stated that the DBC adopted the following committee charges (May 18, 2011):

- *“Formulates recommendations to the Chancellor for budget planning policies consistent with the District Strategic Plan,”*
- *“Reviews the District budget and makes recommendations to the Chancellor for adoption or modification,”*
- *“Reviews District financial condition quarterly.”*

Three new college presidents and John Sikora, faculty from Los Angeles Harbor College, a new Faculty Guild representative were added to the DBC membership to replace the outgoing presidents and other the Faculty Guild representative.

The ECDBC charges and membership were also reviewed. It was indicated that the roles of the ECDBC committee is *“to help the DBC co-chairs shape the agenda for the DBC, in consultation with the CFO and also addresses items of importance that require specialized detail study as requested by the DBC. Any recommendations resulting from its work are forwarded to the DBC for its consideration.”* The ECDBC membership will also need to be revised because of the expiration of the management DBC co-chair. This will be discussed at the next ECDBC meeting.

She reported that the ECDBC will be discussing the following agenda items in its future meetings:

- Evaluation of Budget Allocation Formula
- Public Safety versus Sheriff’s Contract
- New Growth Funding Proposal, including growth funding differential for small colleges
- District Assessments

The ECDBC and DBC meeting calendars for fiscal year 2014-15 were distributed.

5. 2013-14 Year-end Balance and Open Orders (Jeanette Gordon)

Jeanette Gordon reported the ending balance of \$73.31 million (roughly 13.6%), which included a state general apportionment deficit factor of \$8.3 million. She reported college balances, open orders and that two colleges ended the year with deficits. \$73.31 million

includes \$5.52 million for open orders, \$24.76 million for six colleges with positive ending balances, \$33.91 million of general reserve balance carried forward, \$ 1million set aside for accreditation planning activities for FY 2016, and other carried forward balances.

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

- a. Board Budget and Finance Committee Report – No committee meeting in July
- b. ECDBC Committee Report and recommendations - Jeanette Gordon reported that the Chancellor approved the DBC recommendation to establish the District's goal of 4.75% and funding 2% over-cap enrollment growth, however he reduced the amount per FTES to \$2,324 per FTES. He concurred with the DBC recommendation to fund enrollment growth at Los Angeles Southwest College up to 8% at the over-cap funding rate of \$2,324 per FTES.

The rationale for funding at \$2,324 per FTES is based on the instructional costs per FTES study as of Fall 2012. When the decision was made to fund the 2% growth in 2013-14 the amount recommended and approved was \$2,324. It was only after the District received additional one-time Re Cal funding for 2012-13 received in 2013-14 that the amount was increased to \$4,000 per FTES. For 2014-15, the DBC's recommendation to again fund at \$4,000 was because that is what we did in the previous year not recognizing that we received that one-time money. There is no indication that we will again receive additional fund for the 2013-14 state general revenue recalculation similarly to the level of \$17 million for FY 2013-14. However the Chancellor did indicate his willingness to allow a higher amount for funding if more revenue is received later in the year.

7. State Budget Update (Jeanette Gordon)

Jeanette Gordon reported that the State adopted Final budget for FY 2014-15. Major highlights of the Budget to California Community Colleges and impact on LACCD final budget includes:

- COLA – 0.85% => LACCD = \$4.1 m
- Enrollment growth/restoration 2.75% => LACCD = \$12.59 m
- \$100 m increase for Student Success - \$100 m => LACCD for additional \$9.98 m (with 2:1 matching)
- Student Equity - \$70 m => LACCD = est. \$7.5 m
- \$30 m increase for DSPS => LACCD for additional \$1.2 m
- \$148 m for Physical Plant and Instructional Support => LACCD = \$13 m with no matching and local flexibility
- \$39.5 m for energy projects (Proposition 39) => LACCD = \$2.86 m
- \$49.5 m to pay down state mandated claims => LACCD = est. \$4 m

Budget concerns were raised in future years from the STRS contribution increases and the expirations of Proposition 30 sales tax and income tax due at the end of 2016 and 2018.

The DBC Committee discussed the funding distribution of the Physical Plant and Instructional Support program. It was indicated that it will be reviewed and decided by the Chancellor's Cabinet. Some members advocated for distributing the fund by FTES and allowing colleges flexibility to

distribute the funds between instructional support and scheduled maintenance and repairs. Some proposed to set aside part of the fund for district-wide deferred maintenance purposes.

M/S/P- *Allocate the Physical Plant and Instructional Support funds to colleges based on the actual 2013-14 FTES and allow colleges discretion to use the funds between the physical plant and instructional support.*

8. Enrollment Planning Update (Maury Pearl)

Maury Pearl gave a brief update on enrollment. All colleges offered summers this year. For Fall, at day -21, as the District, enrollment headcount is at about 99 % and enrollment (credit Section count) is at 100% of last Fall. He will provide enrollment update every week. He also reported the annual 2013-14 FTES at 101,383 and provided the 2014-15 FTES planning scenarios of the 2.75 %, 3.75%, and 4.75% targets.

9. Proposed 2014-15 Final Budget (Gordon)

Jeanette Gordon distributed the 2014-15 Proposed Final budget materials. She gave brief report on the changes from the Tentative Budget, the final budget planning assumptions and priorities, and the revised funding for M&O costs. Changes for final budget also included 2013-14 year-end balances and open orders.

10. DBC Recommendations to the Chancellor – one DBC recommendation for the Physical Plant and Instructional Support funding distribution to colleges.

11. Items requested from DBC members to ECDBC

Remaining outstanding items:

- ✓ Public Safety
- ✓ Funding for Small College Growth Proposal

The meeting was adjourned at 3:20 pm.

Future Meetings: September 10, October 15, November 12, December 10, January 21, February 18, March 18, April 22, May 20, June 17