

Los Angeles Community College District

District Budget Committee Meeting Minutes

May 18, 2011

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

Roll Call

Committee members present as indicated (X).

Academic Senate

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

L.A. Faculty Guild

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

Unions/Association

Allison Jones or Bobbi Kimble	X
Josie Aranez	X
Ted Strinz	X
Velma Butler	X
Lubov Kuzmik	
James Bradley	X

College Presidents

Ernest Moreno	X
Jack E. Daniels III*	X
Jamillah Moore	X
Monte Perez	X
Kathleen Burke-Kelly	X
Marvin Martinez	X
Roland Chapdelaine	X
Sue Carleo	X
Rose Marie Joyce	X

ASU

Linda Tong	X
------------	---

Also Present

Resource Persons

Adriana Barrera	X
Daniel LaVista	X
Vinh Nguyen	X
Jeanette Gordon	X

Other Guests

Paul Carlson	X
John R. Oester	X
Ann Tomlinson	X
Ferris Trimble	X

District Office

Joan Steever	X
--------------	---

1. Call to Order

2. Approval of Agenda

The agenda was approved without changes.

3. Approval of the Minutes

Minutes of April 6, 2011 were approved, with one correction (98,500 FTES for 98,000).

4. May Revise

Jeanette Gordon reported on the Governor's May Revise, beginning with a review of the state budget situation in general. For community colleges the cut remains \$400 million, with the increase in student fees reducing the actual cut to \$290m (\$26m for district). The governor will reduce the deferral from \$961m to \$611m (\$86m to \$55m for district). As a result of this reduction we will not have to borrow later this year.

If there are no tax extensions, then the CCC cut could mushroom to \$600-800m. That would involve a \$50m cut for LACCD, or 10% of our budget. A worst case scenario of 15% is now considered unlikely. This was reiterated by Carl Friedlander as well as Gordon. He asked if, in light of the buy down of the deferral, we could now be more receptive to spending down the district balance, but Gordon disagreed.

5. 2010-11 Second Period FTES Report

Yasmin Delahoussaye presented the latest enrollment data (Cathy Iyemura was not able to attend). The latest projection shows 109,068 FTES for the year, up since January. Meeting the Non-Credit base is now in some danger. Current projections show the district 400 short. Short- and long-term strategies to move enrollment into NC are needed. A number of members had questions about this. The District will call the state to ask if the state will allow us to do some shifting between non-credit regular and credit FTES.

6. FON Update

Adriana Barrera reviewed the steps needed for the district to get to an FON of 1461 by this fall. We need to hire 38 to reach that total. If we fall below that total, then colleges that didn't meet their targets would be penalized.-To retain FON for Fall 2011 at 1479, we would need to hire 56, instead of 38.

There was a discussion as to the need to strive to hire more than 38 to ensure that the target is reached, given the likelihood of rejections. Exactly what target number each college was responsible for was also discussed. Some argued that East, for example,

based on line 6 of the FON document, should only have to hire six, not twelve (the figure on line 8). Co-chair Friedlander clarified that line 6 on the FON document was based only on a percentage of FTES at each college and that line 8 reflected adjustments that weighed the colleges' fiscal conditions and current FT/PT ratios and was therefore the operative number.

7. FPRC Report

There were two components to this report.

A. DBC and FPRC Charges (Revised)

David Beaulieu discussed the rationale for the FPRC's proposal regarding the charge of the DBC, the charge of the FPRC, and the name change of the FPRC. The changes are the result of months of discussion. The committee's proposal is as follows:

The DBC addresses the following charge:

- *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.*

Executive Committee of the DBC

The Executive Committee of the DBC helps the DBC co-chairs shape the agenda for the DBC, in consultation with the CFO, and also addresses items of importance that require specialized detailed study. Any recommendations resulting from its work are forwarded to the DBC for its consideration.

There were questions as to where the charges would be found (in the District Governance and Functions Handbook) and whether the membership of the DBC Exec should be included.

The proposal from the FPRC was passed unanimously on a motion by Sue Carleo.

B. Recommended Guidelines to Establish a Balanced Budget for 2011-12 and Use of Ending Balance

Vinh Nguyen reintroduced the DBC Exec's proposed guidelines.

In planning for the 2011-12 Budget, staff is recommending the following proposed actions to mitigating the college budget imbalance:

- A. Require colleges to develop and submit a realistic budget with a 5% reduction plan to balance their budgets;*
- B. Allow colleges to use up to \$5 million of their balance to reduce or eliminate their remaining budget shortfall. If the college has used up this allowable portion of its balance, it may petition to use its remaining balance;*
- C. Colleges may request access to District's Balances after meeting all following criteria:
 - 1) The college has reduced at least 5% or greater of its planned expenditures below the 2010-11 expenditures level, and*
 - 2) The college does not have sufficient funding to maintain its enrollment offerings to meet the enrollment target as set forth by the District, and*
 - 3) The college has used up all of its balance);**
- D. Suspend college debt repayments until 2012-13 and restructure the college debt repayments from a 3-year payback plan to a 5-year plan, and*
- E. Maintain a minimum contingency reserve of 5% and maintain the District's Unrestricted General Fund ending balance (including all college reserves and ending balance) at a minimum of 10% of the Unrestricted General Fund expenditures.*

Jeff Hernandez and Rose Marie Joyce expressed concern that the recommendations were subject to abuse (Part A in particular), as colleges could reduce their budget by 5% and then use the balance money provided to them to reschedule sections without maintaining the 5% cut. Hernandez felt that the first principle should be to fully fund up to the FTES base. Nguyen replied that the committee was aiming for a fair plan, and that colleges must make enough cuts before being eligible to access the district balance. But Armida Ornelas suggested the process needed to be spelled out further. Carleo expressed serious reservations about the recommendations as presented. The consensus that emerged was to send the proposal back to the Exec for further work.

Chancellor LaVista expressed his own concerns that the approach proposed was too formulaic. He asked for more latitude. The unfair allocation at some colleges was relevant here, he said.

8. Third Quarter Report

Gordon reported the 3rd quarter projected balance is still projected at \$ 87.6 million. Net uncommitted balance is at \$18.5 million, excluding college balances, open orders, college reserve, restricted program deficits (est. \$2 million), and student success initiatives (\$1 million). Projected college balances are at \$43 million, including the distributed growth funds of \$11 million to colleges last month. Three colleges (H, S, and V) are projected ending the year with negative balances.

9. Proposed 2011-12 DBC Meeting Dates

A proposed calendar for the next fiscal year was presented. Three or four dates need to be reconsidered, for various reasons, so it was not approved. There were suggestion to change November 9, 2011 meeting date to November 30, 2011 and June 15, 2012 to June 20, 2012

Jun. 22 (current year), July 20, Aug. 17, Sept. 14, and Oct. 12.

10. IT Report

Jorge Mata reported to the committee on SAP and IT budgets. A question about them had been raised at the last meeting. His handout showed expenditures for the two down from \$15.1m in 2005-06 to \$10.6m this year. The budget for the two in the same years has declined from \$17.1m to \$10.2 m. The SAP budget alone has gone from \$8.4m in 2005-06 to \$2.6m this year, while the IT budget alone has reduced only from \$8.7m to \$7.4m.

Budgets for both were also broken down by category (wages, benefits, contracts, consultants, other costs). Consultant contracts have declined from \$6.5m in 2005-06 to \$1.2m this year.

Mata said there would be a need for more staffing for SIS over the next three to four years. Up to eight positions could be necessary.

11. DBC Recommendations to the Chancellor

Jack Daniels said the recommendation this month would be the proposal just passed regarding the charge of the DBC and the charge and name of the DBC Exec. LaVista indicated that he was satisfied with both.

12. Announcements and Proposed Future Actions

Daniels introduced Manuel Rangel, who introduced himself as an SEIU representative.

The meeting adjourned at 3:45.