

Los Angeles Community College District

District Budget Committee Meeting Minutes

January 29, 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	
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	X
Roland Chapdelaine	
Sue Carleo	
Renee Martinez**	X

Student Trustee Rep

Joseph Tucker

* DBC CO-chairs

** Interim

Also Present

Resource Persons

Adriana Barrera
Jeanette Gordon
Daniel LaVista
Cathy Iyemura
Jeanette Gordon
Vinh Nguyen
Yasmin Delahoussaye
Perrin Reid

Guests

Mary Gallagher
Raul D. Gonzalez
Ann Tomlinson
Ken Takeda
Tom Furukawa
Maureen O'Brien
Paul Carlson
Ferris Trimble
Violet Amrikhas
Daniel Villanueva
Rolf Schleicher
Daniel Villanueva

1. Call to Order

The meeting was called to order by Carl Friedlander at 1:35.

2. Approval of Agenda

The agenda was approved without changes.

3. Approval of Minutes for Nov. 14, 2012

The minutes were approved, with the addition to the last sentence of Joanne Waddell's resolution regarding FON hiring for the fall.

4. Executive Committee Report and Recommendations

Jeanette Gordon reviewed the memo from the DBC co-chairs, Friedlander and Kathleen Burke-Kelly, to Chancellor LaVista dated Dec. 14. It included two recommendations: first, to redistribute \$9.9 million from the contingency reserve to the colleges, and second, to begin search processes to replace faculty retirees "and add targets as needed" in order to meet the FON of 1,445. In brief comments, the chancellor said he accepted the recommendations "with enthusiasm," and would present them to the Board.

Gordon said the Executive had not discussed phase two of the allocation model at their last meeting, but would do so before the full DBC meets on Feb. 13, at which time it will have a recommendation.

John McDowell and David Beaulieu suggested that the mandated costs discussion (set as item #7 on the agenda) be postponed until the Executive is able to discuss it, given the difficulty of the subject (having to do with the appropriate funding for the District Office and IT). The Executive did not discuss it at their last meeting. Friedlander agreed to the postponement.

5. Governor Brown's Budget Proposal

Gordon reviewed the governor's budget proposal. Key points included:

- \$196.7m in increased apportionment for community colleges
- \$179m to buy down existing deferrals
- \$49.5m to support clean energy projects
- \$16.9m to enhance online education efforts in the CCC's
- \$300m for adult education, funds shifted from K-12
- \$15.7m for apprenticeship programs, funds shifted from K-12

There was some discussion as to whether the \$300m was actually new money for the CCC's. It apparently is. Friedlander said the motivation for the adult education shift may have been the governor's desire to alter K-12 funding. Beaulieu said the special needs of this group of students should not be ignored. LaVista remarked on district planning to take on this new responsibility for ESL/basic skills/adult occupational education. There was a short review of past efforts to move adult education into the CCC's, both statewide and here in Los Angeles.

The governor's policy reform proposals were discussed briefly. There are three:

- To shift apportionment funding from the census date enrollment to the course completion date
- To institute a 90-unit cap for students to receive subsidized instruction
- To require all BOG waiver applicants to complete a FAFSA (federal financial aid application form)

Gordon noted that the district will have to issue up to \$80m in TRANS to meet cash flow problems, owing to state payment deferrals and the fact that EPA (Prop. 30) funds will not be received until this June.

We will receive \$78m this year from the EPA fund. For 2013-14, there may be 3.6% in additional funding to cover both growth and COLA. Growth is expected to be between 1.5 and 2%, and COLA at 1.66%. We will plan for 2% growth, for a total increase of 3.6%. In addition, we expect possible block grants for adult education and funds for CTE (clean energy related) and online education.

The chancellor reviewed his trip to Sacramento on Monday, Jan. 28, meeting with legislators and their staffs. While it was good to get the district position out front and early, several legislators were not yet abreast of the issues. In the document the chancellor was working from, five key positions are outlined:

- Support for the governor's allocation total. Prefer to see \$91m go to COLA of 1.65% and the balance (\$106m) towards restoration of classes.
- Support for moving \$20m from the deferral buy-down total to the student success categorical program.
- Concern that the total proposed by the governor is not adequate for adult education. Support, instead, additional funding to focus on basic skills, ESL, and short-term CTE.
- Support for the governor's proposal for the allocation of Prop. 39 funding, but with maximum local latitude as to where to put the funds.
- Opposition to funding colleges based on completion and to a 90-unit cap

The chancellor cited the recently enacted student success proposals and said they should have a chance to play out before more changes are made. Finally, he informed the body that Chancellor Brice Harris would be speaking to the Board the next day, Wednesday,

Jan. 30.

McDowell agreed with the positions as presented, but he prefers to see the deferral buy-down occur over six years, not four.

Waddell asked for clarification as to why it was acceptable to use EPA monies totaling \$78m (from Prop. 30) for fall semester expenses. This led to a discussion about accounting maneuvers that seemed to leave several still confused. Later in the meeting, Armida Ornelas asked again if a clearer answer couldn't be provided. Beaulieu suggested that the Executive come up with a clear statement.

6. Enrollment Projections

Cathy Iyemura went over a handout showing a projected FTES of 98,650 for this year, 93,296 credit. We should get 1% growth this year. She indicated that the First Period projection is not final and expected that changes will be made when the First Principal Apportionment is released from the State Chancellor's Office in later February.

7. FON Planning for 2012-13

Deputy Chancellor Barrera reported that our FON number remains the same as last year, 1,445. The Cabinet has met to go over FON guiding principles: first, that the district will meet or exceed the FON target every year, and second, that the chancellor, in consultation with the presidents, will set FON targets for each college. The principles assume there will be growth funds in future years.

As of January, 2013, 51 faculty resignations or retirements have been received in Human Resources. We now have commitments from the colleges to fill 58 positions, and colleges have begun to submit "requests to hire" and are proceeding with setting up their committees.

There was some discussion about the likely FON number in the future. Given the drop in the workload allocation, it's not likely to be a huge increase over the current one. Jeff Hernandez raised concerns about whether the colleges all have enough money in their allocation to do extensive hiring.

8. Proposed Preliminary Budget Allocation for 2013-14

Gordon reviewed an extensive handout on the budget allocation for next year. Revenue assumptions include a projected FTES of 98,776 and a balance of \$74m. Allocation assumptions include a total budget of \$596m, a COLA of 1.66%, and 2% funded growth. Also, five colleges will begin paying back 1/5 of their outstanding debt to the district.

There was a short discussion about the deferred maintenance account (\$5.2m). All colleges must submit a plan for this in order to receive funding. No deadline has been set so far.

Regarding the Minimum Base Funding, Hernandez asked why two positions were added to the list of “assumed administrators.” In fact, these positions were never approved by the DBC. Vinh Nguyen confirmed that the two positions: Associate Vice President and IT managers should not be part of the minimum base funding calculation. He will revise and resend the Preliminary Allocation to members. McDowell questioned why the District Office budget was up to \$22m from \$19.8 this year, since there had been no restoration provision earlier.

9. New Business/Announcements

Beaulieu noted that the effort by the governor to change K-12 funding statewide was very analogous to what we are talking about doing within the district with Phase 2 of our allocation model. In both cases, there is an attempt to give more funding to those areas with greater need.

The meeting adjourned at 3:30.