

Los Angeles Community College District

District Budget Committee Meeting Minutes

March 18, 2015

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

Roll Call X Indicates Present

Academic Senate

David Beaulieu	X
Joseph Perret	X
Vacant	
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/Selina Chi	X
Hao Xie	X
Lubov Kuzmik	
Leila Menzies	X
Velma Butler/Shirley Chen Page	
Richard A. Rosich	
Kathleen Becket	X

College Presidents

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

Guests

Rolf Schleider	X
Mary Gallagher	X
Ken Takeda	X
Mike Lee	X
John al-Amin	X
Ann Tomlinson	X
Ferris Trimble	X
Violet Amrikhas	X
Dan Walden	X
Nestor Tan	X
Bob Suppelsa	X

1. **Call to Order** by DBC Co-Chair Mr. Marvin Martinez at 1:45 pm.
2. **M/S/P Agenda** approved as presented.
3. **M/S/P Approval of Minutes** – Minutes of March 18, 2015 were approved with one correction – The meeting was chaired by John McDowell.
4. **Chancellor’s Remarks/Updates** – None

Dr. Otto Lee introduced the new Vice President of Administrative Services, Mr. Bob Suppelsa at Los Angeles Harbor College.

5. Enrollment Update (Pearl)

To begin a discussion of the 2015-16 enrollment planning, Maury Pearl presented three enrollment targets scenarios of 3% and 4% for fiscal year 2015-16 (with 2% stated funded growth and 1% or 2% over-cap). The scenarios assumed that the enrollment base for 2015-16 academic year based on FY 2014-15 base plus 2.75% , 3.75%., or 4.75% growth. The proposed enrollment targets will be ranging from 106,000 FTES with 1% over-cap to 108,000 FTES with 2% over-cap.

He also provided 10 years enrollment data by semester from 2006. Data showed that the District will need to fully utilize winter and summer intersession to achieve the planning targets.

Members discussed the new state growth funding formula in effect for 2015-16 and enrollment trends and factors that impact enrollment, including competing with other surrounding districts in offering winter and summer sessions. Enrollment management is increasingly important. Colleges will need to strategically plan with high school outreach, recruitment and advertising.

6. 2014-15 P1 and 2013-14 Recalculation (Gordon)

Jeanette Gordon reported the First Apportionment (P1) allocation based on the First Period Accounting Attendance Report on January 15, 2015 by the District at 105,943. The District received funding for 104,552 FTES and 1,390 FTES remain unfunded .

At P1, District received projected enrollment growth of \$23 million (or 5.1%) for FY 2014-15, \$80.8 million for EPA fund, and a reduction of \$7.6 million of state general revenue deficit factor (-1.48%). Based on P1, the revised State General Revenue was increased by \$2.09 million, from \$504.67 million (Final Budget) to \$506.76 million.

For the 2013-14 P1 Recalculation, District received an additional \$4.49 million as a result of revenue adjustments for growth and changes in state general revenue for last year. Members recommended that the additional revenue be distributed to colleges.

M/S/P – Approve to distribute \$4.49 million of 2013-14 State General Revenue recalculation, including additional EPA fund to colleges.

7. 2nd Quarter Financial Status by College (Gordon)

Jeanette Gordon distributed information showing the status of the District and college balance projection as of December 31, 2014. The district is projecting to end the year with a \$62.4 million ending balance or approximately 11%. Three colleges are currently projecting to end the year with deficits.

Members discussed providing additional funding to augment colleges to help colleges in meeting the 4.75% enrollment targets. It was indicated that Southwest College has already been approved to receive up to 8% for growth. Given that the State may fund all enrollment growth FTES, it was suggested to increase the over-cap growth funding rate from \$2,324 per FTES to \$4,000 per FTES to help support the colleges in meeting their targets.

M/S/P – Advance to colleges \$4,000 per FTES for a 2% growth over-cap and colleges will keep only what they earn.

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

J. Gordon reported that the Board Budget and Finance Committee, in the March meeting, reviewed the second quarter report and the District's five-year long range planning. She also reported that the ECDBC is still reviewing the Budget Allocation model, funding for Sheriff's Contract, and Student Equity Funding formula.

9. Future Costs Analysis and Proposed Funding Set Aside (Discussion)

J. Gordon distributed the proposed uses of new potential \$45 million increase in state revenue for FY 2015-16, excluding COLA and growth, which includes:

- \$11 million for Base Allocation increase
- \$4.2 million for enhanced non-credit rate increase
- \$30 million for outstanding state mandate claims block grant

Proposed Uses:

- \$4 million to cover STRS/PERS contribution rate increases
- \$1 million to fund ongoing accreditation planning activities
- \$ 8 million set aside for 2015-16 salary increase (2% above COLA and growth)
- \$4.2 million for enhanced non-credit rate increase to augment college budgets to cover colleges' operating expenses
- \$3 million to fund new FON hires for Fall 2015
- \$10 million for Instructional Equipment and Deferred Maintenance Projects
- \$15 million set aside as special reserve to cover the elimination of Proposition 30 portion of sales tax expired in 2016

There was discussion about several escalating future costs such as unfunded liabilities for pensions, Proposition 30 temporary taxes expirations. Some indicated that it is prudent to set aside funds to

address these future costs. Some raised concerns about colleges still having inadequate funds to support their operations while the District's reserves are keeping building up. Several colleges are still struggling to balance their budgets. It was suggested that solutions to address the college deficits and future pension cost increases should be part of the proposed uses.

It was noted that final proposals will depend on the May Revision. This item was presented for discussion and will be brought back again in future meetings for action.

10. DBC Recommendations to the Chancellor – two recommendations: \$4.49 million distribution of P1 Recalculation and increase to \$4,000 per FTES for over-cap funding to colleges.

11. Items requested from DBC members to ECDBC

- ✓ Enrollment Management Practices
- ✓ Special Reserve for Prop. 30 Temporary Tax Expirations.
- ✓ Safety and Sheriff's Contract
- ✓ Student Equity Funding
- ✓ Evaluation of Budget Allocation Model
- ✓ Integration of Planning and Budget

The meeting was adjourned at 3:40 pm.

Future Meetings: April 22, May 20, June 17.