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Los Angeles Community College District

District Budget Committee Meeting Minutes

August 7, 2012

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

Roll Call

Committee members present as indicated (X).

Academic Senate

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

L.A. Faculty Guild

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

Unions/Association

Allison Jones or Bobbi Kimble	X
Leila Menzies	X
James Bradley	
Velma Butler	X
Lubov Kuzmik	
Richard A. Rosich	

College Presidents

Farley Herzek	X
Jack E. Daniels III	X
Nabil Abu-Ghazaleh	X
Monte Perez	
Kathleen Burke-Kelly*	X
Marvin Martinez	X
Roland Chapdelaine	X
Sue Carleo	X

Also Present

Resource Persons

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

Ann Tomlinson
Ken Takeda
Paul Carlson
Maureen O'Brien
Mary Gallagher
Allison Moore
Len Glover
Bradley Young
Tom Jacobsmeyer
Ferris Trimble
Rolf Schleicher
John Freitas
Alex Immerblum
Tom Furukawa
Curtis Smith

District Office

Karen Martin
Perrin Reid
Michael Shanahan

Guests

Sandra Lepore
Don Gauthier
Don Sparks

1. Call to Order

The meeting was called to order at 11:15 by Carl Friedlander.

2. Approval of Agenda

The agenda was approved without changes. Friedlander explained that the September meeting would be moved to Sept. 5 from Sept. 12, in order to accommodate the change in the Board Meeting date from September 5 to September 12.

3. Approval of minutes for July 18, 2012

Approval of the minutes was postponed until the September meeting at the chair's request.

4. Special Budget Task Force Update

Chancellor LaVista thanked the task force for reviewing and recommending budget reductions if Proposition 30 does not pass in November. He asked the DBC for its input and said he would be speaking to the VPAS's also, who have come up with their own ideas for saving money. A final task force meeting will be held before Aug. 15, the deadline for formulation of a savings proposal in order for it to be presented to the Board at its Aug. 22 meeting.

Jeanette Gordon distributed the task force's tentative draft proposal (which was then collected at the close of the meeting). It includes projected college savings of \$25.8 million and the use of \$16.1m in balances, leaving a gap of \$21m. She noted that the cuts would only take place in the event of the state tax initiative failing and that they would cover the budget for 2012-13 only. Even with passage of the initiative, she remains concerned about the 2013-14 budget.

The suspension of the HRA's for one year was suggested, though there is some strong objection to this. A second idea, GASB 45 suspension, was agreed to a few years ago, though not implemented in the end. This has limited objection in the task force. The Staff Guild prefers furloughs by administrators and classified to straight salary rollbacks. A salary rollback is considered the best way for faculty to contribute, however, given the complexity of furloughing faculty. Different views had been expressed in the task force about whether or not adjunct faculty should be subject to any salary rollback, with the Chancellor believing that all faculty should be included but the percentage reduction for adjunct faculty should be much smaller.

A number of questions followed. Armida Ornelas asked if the furloughs applied equally to all classified and whether this is fair for those with the lowest salaries. Joanne Waddell wanted to know why progressivity wasn't reflected in the proposal as presented, as it was the intention of the task force that it be built into any cutback. Jeff Hernandez suggested that it's not necessarily fair to have all adjuncts excluded from sacrificing, given their various backgrounds. John McDowell wanted to know why the district balance total was now larger and why the total cut

sought was not reduced thereby. Vinh Nguyen responded that the projected \$63m deficit was the difference between projected revenue (excluding balances) and projected expenditures. He stated that given a 5% General Reserve (\$23.49 million), an additional 2.5% Contingency Reserve (\$11.74 million), and \$16.1m taken from balances, there was not much else to take from balances without risking depleting the ending balance below 10%. Velma Butler spoke out strongly against cutting the HRA's.

There was some discussion as to how any final proposal would be implemented by the Board, with agreement that the changes themselves have to be negotiated. Hernandez said the figures needed to be tightened up, and McDowell preferred the reductions being reduced by half. While the DBC came to no consensus about the proposal, Beaulieu pointed out that there seemed to be support for having progressivity built into any cuts. When the committee was asked about this conclusion by the chancellor, no one objected to it. Finally, the Chancellor asked that anyone who disagreed with any other comments made thus far make their thoughts known. There was no response to his request.

5. 2011-12 Open Orders and Balances

Gordon distributed a handout detailing the use of unrestricted funds and balances. Discussion focused on deficits run by programs (such as the bookstores), as well as the formation of the general reserve and the contingency reserve. The amounts for both have to come from college balances, which almost entirely belong to East and Pierce. Gordon detailed how this was calculated. She stressed that East and Pierce would each have \$5 m of their respective totals available for use this year, as promised. 86% of the reserve total will come from East's balance, and 14% from Pierce's. Two colleges ended in the red: Southwest (\$1.1 m) and Valley (\$0.7 m).

6. State Apportionment Deferrals, RDA Backfills and Impact on the District's Cash Flow

A state apportionment deferral schedule was distributed, showing \$75m deferred in FY 2012-13 if the initiative passes, and \$90m if it fails. The district's anticipated cash shortages would be \$23m or \$67m, respectively. The District will need to issue Tax Revenue Anticipation Notes (TRANS) to cover the cash shortfalls during the year.

A copy of Proposition 30, "The Schools and Local Public Safety Protection Act of 2012," was distributed. Vinh Nguyen indicated that if the initiative passes, its funds will be guaranteed to go directly into Education Protection Accounts allocated quarterly to local schools and community colleges. The funds from the accounts can not be used for salaries and benefits of administrators or for any other administrative costs.

7. 2012-13 Final Budget

The proposed final budget for 2012-13 was distributed. It will go to the Board for approval on Aug. 22. Gordon restated that the budget was prepared assuming the worst-case scenario (the tax initiative failing). This was at Board direction. For 2011-12, the district spent \$15.3 m more than its income and lost \$46.4 m in state general revenue. It generated 6,572 unfunded FTES (for a total of 102,525) and lost funding for 7,943 (due to the workload reduction). That was the equivalent of turning away 15,000 students

8. DBC Self-Evaluation

Friedlander distributed the annual DBC self-evaluation form. He and past co-chair Jack Daniels completed it, but he asked for further input from committee members. They were asked to send their suggestions to either of the current co-chairs. The form lists major accomplishments in the past year as well as major obstacles and other problems with committee functioning, steps to improve functioning, and goals for the current year.

9. DBC Recommendations to the Chancellor

There were no formal recommendations.

The meeting was adjourned at 4:00pm

Next Meeting: Sept. 5