

Los Angeles Community College District

District Budget Committee Meeting Minutes

January 21, 2015

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

Roll Call X Indicates Present

Academic Senate

David Beaulieu	X
Joseph Perret	
Vacant	
Jeff Hernandez	X
Donald Gauthier	X
Allison Moore	

L.A. Faculty Guild

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

Unions/Association

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

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	X
Erika A. Endrijonas	X
Nabil Abu-Ghazaleh	

Student Trustee Rep

Robert “Sonny” Martinez	X
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* DBC CO-chairs

** Interim

Also Present

Guests

Resource Persons

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

Dan Walden	X
Mary Gallagher	X
Ken Takeda	X
Mike Lee	X
Nestor Tan	X
Ann Tomlinson	X
Ferris Trimble	X

1. **Call to Order** by DBC Co-Chair Mr. Marvin Martinez at 1:35 pm.
2. **M/S/P Agenda** approved with moved Agenda Item # 9 – 2015-16 Proposed Preliminary Allocation to Agenda Item # 5 after Chancellor’s Remark/Update
3. **M/S/P Approval of Minutes** – Minutes of November 12, 2014 were approved with no change
4. **Chancellor’s Remarks/Updates** –

Chancellor commented on the Governor’s State Budget Proposals for FY 2015-16. This is one of the better budgets in the last than two decades for the California Community Colleges that almost restored funding back to 2008-09 funding level. The budget proposal is close to \$1 billion in which \$600 million is ongoing and \$400 M as a one-time fund to the system. Our role now is to retain the proposed investments that the Governor has made to the community colleges and not allowing other agencies to encroach on taking these funds. Our Board, college presidents, faculty, staff, and students are attending upcoming weekend events from the California Community Colleges’ Annual Legislative Conference to advocate and support the necessary investments for the success of our education and students.

Four areas that we will be focusing on advocating are:

- Modify the growth funding formula
- Adult Education
- Support for base allocation and maintenance improvement
- Concurrent enrollment

Chancellor also announced that West Los Angeles College was selected as one of the fifteen pilot four-year college degree programs and Vice President Bidden will visit West Los Angeles College this coming Friday to discuss about the Workforce Development and Training in the area.

Chancellor thanked college presidents, faculty and the staffs continuing efforts in pushing for faculty recruiting and hiring of approximating 157 new faculty for Fall 2015.

5. Governor’s 2015-16 State Budget Proposal for FY 2015-16 (Gordon)

Ms. Gordon reported on the State Budget Proposal released by the Governor on January 9, 2015 and its’ Impact of the State Funding on the District for FY 2015-16

Major Budget Highlights:

- Proposition 98 guarantee for K-14 estimated at \$65.7 billion – \$2.5 billion increase (from \$63.2 billion last year).
- Community Colleges will receive over \$600 million in ongoing funds and \$400 million in one-time-only funds.
- For CCC
- Access - \$106.9 million to fund a 2% increase in access.
- COLA - \$92.4 million to fund a statutory COLA of 1.58%

- Student Success - \$200 million to support student success programs and strengthen support for underrepresented students (split evenly between Student Success and Support Program and Student Equity Plans Program).
- Base Allocation Funding – increase \$125 million to help the district address the scheduled increases in STRS, PERS, and other operating expenses.
- CDCP (College Development and College Preparation) Rate Equalization - \$49 million.
- \$353.3 million to pay down outstanding mandate claims.
- \$500 million for Adult Education Block Grant.
- \$94.5 million to retire the remaining state apportionment deferrals.
- \$39.6 million for Proposition 39 (energy efficiency projects).
- \$48 million for Career Technical Education and \$29.1 million for Apprenticeship.

Potential Increases in State Funding for the District:

- Access - \$9.6 million for a 2% increase in access (growth)
- COLA - \$8 million to fund a statutory COLA of 1.58%
- Student Success – \$8 million to support student success programs and \$8 million for the Student Equity Plans to strengthen support for underrepresented students
- \$11 million increase in base allocation funding
- \$4.2 million increase in CDCP (enhanced noncredit funding)
- Potential \$30 million in state mandate block grant for outstanding mandate claims, facilities, scheduled maintenance, instructional supports, and other district obligations (?)
- Deferrals - \$7 million to completely payoff deferrals
- Proposition 39 - \$3 million for energy efficiency projects (must apply)
- Adult Education Block Grant (?)
- Career Technical Education Grants (?)

She indicated that the District’s budget will be developed based on the Governor’s Budget Proposal for fiscal year 2015-16, which will include a 2% funded enrollment growth revenue and a 1.58 % COLA. Our goal is to develop a balanced budget to meet the district, colleges, and Board’s goals and targets for 2015-16. More changes are expected in May Revise.

6. 2015-16 Proposed Preliminary Allocation (Gordon)

Ms. Gordon distributed the 2015-16 Proposed Preliminary Allocation, presented the proposed budget planning assumptions and priorities, and the staff proposal of the utilization of potentially \$45 million of state funds. The Budget will be based on Governor’s State Proposed Budget released on January 9, 2015 and will reflect the Board’s visions and priorities to support the educational programs and services of the district. This includes focusing on Student Success and improving Student Equity, meeting accreditation standards, covering hiring of full-time faculty to maintain the Faculty Obligation Number, ensuring funding is adequately provided for facilities, maintenance and operation needs, and maintaining a minimum of 10% reserves.

FY 2015-16 Proposed budget planning priorities will include funding for the following:

- COLA of 1.58%
- Funded enrollment growth of 2%

- Accreditation Planning for 2016 - Ongoing Accreditation Planning Activities/Funding Needs
- FON Obligation – Fall 2015 - Cover hiring of full-time faculty to maintain the Faculty Obligation Number
- Increase in STRS and PERS Contribution
- Salary Increase for FY 2015-16
- Proposition 30 Temporary Tax Expires
- Ensure funding is adequately provided for facilities maintenance, instructional Support and other operation needs
- Maintain a minimum of 10% reserves

She also presented the estimates of additional \$45 million state funds above COLA and growth revenue for the district in the Governor’s State Budget: \$11 million for Base Allocation Funding Increase, \$4.2 million for enhanced non-credit rate increase, and \$30 million for outstanding state mandate claims. She presented staff proposed uses of the new state funds as follow:

- \$4 million to cover STRS/PERS contribution rate increases
- \$1 million to fund ongoing accreditation planning activities
- \$8 million – 2% above COLA & Growth , set aside for 2015-16 salary increase
- \$4.2 million for enhanced non-credit rate increase – augment college allocation to cover colleges’ operating expenses
- \$3 million to fully fund new 30 new FON hires for Fall 2015 at \$100,000 per FTE
- \$10 million for Deferred Maintenance Projects and Instructional Equipment and Support (restricted funds)
- \$15 million set aside as special reserve to cover 2016 elimination of Proposition 30 portion of Sale Taxes Expired in 2016.

The Committee discussed and raised concerns about the proposed setting aside of \$15 million as special reserve to cover Proposition 30 temporary tax elimination. Some members are concerned that colleges are being starved or lack funding to support their operations while these additional funds are in reserves. Discussions were also related to the ESC and Centralized Accounts budget allocations including funding for district-wide recruiting and marketing budget, and accreditation planning activities.

7. Enrollment Update (Pearl)

Maury Pearl reported on Winter 2015 and Spring 2015 credit enrollment status as of -21 days before classes start. Winter 2015 enrollment as of day 8 (January 13, 2 015) was at 9 % increase in student headcount and 11% increase in enrollment compared to last year Winter 2014. Spring 2015 enrollment on day -2, student headcount was at 92% and enrollment was at 91% compared to last year.

Members discussed about enrollment trending and requested for information regarding student outreach and marketing and analysis on what issues will impact our enrollment. The Committee would like to have more enrollment comparative data, analysis of impact on student registration priorities, student registering during open periods, and more discussion on enrollment management in the future meetings.

Maury Pearl also reported that the District submitted the 2014-15 First Period Accounting Attendance Report (January 15, 2015) to the State Chancellor's Office. The District is projecting 100,542 credit resident FTES and 5,401, noncredit resident FTES.

8. FON Funding Subsidy for Fall 2015 (Gordon)

Ms. Gordon distributed the memo, dated December 10, 2014, from DBC Co-chair to the Chancellor to subsidize 30 new faculty new hires for FY 2014-15. She indicated that the Chancellor has verbally approved the DBC recommendation.

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

Ms. Gordon distributed the ECDBC memo, dated January 14, reviewing and response to the Los Valley College report "Executive Committee of the District Committee: (ECDBC) Recommendations: Enrollment Management, Balance Budget, and Debt Reduction Plan", December 16, 2014. She reported that the ECDBC on January 6, 2015 reviewed Valley College's Five-Year Financial Stability Plan and its requests for the District's financial assistance.

The ECDBC recommended to grant all three requests for the District's financial assistance contingent upon the college to resubmit a more realistic five-year plan and review of its athletic program and release and reassigned within 60 days:

- Deferment of the 2014-15 debt repayment of \$558,037;
- Full funding 2% enrollment over-cap growth at \$4,000 per FTES = \$429,056; and
- Subsidize funding (\$385,000) for 11 new faculty hires over a three-year period for each new hire at \$35,000 the first year, \$25,000 the second year, and \$15,000 the third year.

M/S/P – DBC to approve ECDBC recommendation on all three requests from the Los Angeles Valley College (with one abstained).

10. DBC Self-Evaluation for FY2013-14 (Notice/Discussion)

A draft copy of the DBC Self-Evaluation form was distributed to members for discussion and comments. Members were to review and prepare for further discussion and approvals at the next DBC meeting.

11. DBC Recommendations to the Chancellor – ECDBC Recommendation to grant Los Angeles Valley College's requests for District's financial assistance.

12. Items requested from DBC members to ECDBC

- ✓ Enrollment Management
- ✓ Safety and Sheriff's Contract
- ✓ Student Equity Funding
- ✓ Evaluation of Budget Allocation Model
- ✓ Integration of Planning and Budget

The meeting was adjourned at 3:15 pm.

Future Meetings: February 18, March 18, April 22, May 20, June 17.