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Los Angeles Community College District

District Budget Committee Meeting Minutes

March 16, 2011

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

Roll Call

Committee members present as indicated (X).

Academic Senate

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

L.A. Faculty Guild

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

Unions/Association

Allison Jones or Bobbi Kimble	X
Leila Menzies	X
Ted Strinz	
Dorothy Rowe	X
Lubov Kuzmik	X

College Presidents

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

ASU

Linda Tong	X
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Also Present

Resource Persons

Adriana Barrera
Vinh Nguyen
Jeanette Gordon

District Office

Yasmin Delahoussaye

Other Guests

Ken Takeda
John R. Oester
Ann Tomlinson
Tom Jacobsmeyer
Joy McCaslin
Cliff Montour

1. Call to Order

The meeting was called to order by Jack Daniels at 1:35.

2. Approval of Agenda

The agenda was approved, with the addition of two items under section #5 (2010-11 First Principal Apportionment): 1) distribution of growth money to the colleges, and 2) 1% reserve requirement for all colleges.

3. Approval of Minutes for February 16, 2011

No minutes were available yet for the February meeting.

4. State Budget and District Budget Update (Gordon)

We are still waiting for news from Sacramento about the proposed vote in June on tax extensions. The latest LAO projections show an additional cut for California community colleges of \$685 million if the tax extensions are not approved. A handout with both scenarios was reviewed. With the tax extensions, the LACCD cut would be \$25.7M, 5.2%, and over 5,800 FTES. Without the extensions, it would be \$71.5M, 14.3%, and almost 16,200 FTES.

Plans for dealing with the first scenario were reviewed. \$21.8M in savings has been identified, leaving a gap of \$3.2M. There are no furloughs or layoffs in the savings. A random list of suggestions for possible future savings was reviewed briefly. Carl Friedlander suggested looking at further class reductions, given the 5% workload reduction by the state. Due to large cuts in class offerings last year, colleges feel they have no more to cut, according to Jeanette Gordon. \$26M was cut, while only \$18M was required by the state. Paul Doose stressed the need to look at district operational processes further, aiming for greater efficiency. Jack Daniels suggested that the procurement process should be reviewed in this regard. John McDowell asked about the rationale for carrying balances forward when programs were starved for funds. David Beaulieu asked if faculty had been involved at all colleges in generating the list of suggestions. Jeff Hernandez argued that any enrollment targets need to be tempered this time, given the overshooting of the targets last time. He acknowledged that reserves should be used for one-time use only and that all of it should not be accessible. Several challenged the wisdom of a blanket cancellation of winter and summer sessions. Linda Tong spoke against any increase in student fees in any area.

5. 2011-12 First Principal Apportionment

Review of the First Principal Apportionment and the Funded growth Distribution (Gordon)

The 2.2% growth money for this year has been distributed to all the colleges, but they must show growth in order to keep it. Nguyen said they were just following the model agreed to under SB 361. Friedlander suggested that City, which is short of its target, not be compelled to grow further in order to earn growth money, given that the district is way over cap, though this would mean changing the model. Sue Carleo said that it would be unfair to assist City but not other colleges. Valley went into a deficit in order to meet its growth target, while City did the reverse. In any case, Nguyen said that City would be given its proportional amount of growth, however, so the amount in question is smaller than thought, given that City is very close to its target.

Those who grow beyond 2.21% would be eligible for any additional growth money if the District receives more than the 2.21% or some of the District's colleges do not grow up to the 2.21%. Some argued against this, but it was defended by Ernie Moreno, who said times change fast and we need to be positioned to earn new growth money.

All colleges are now expected to maintain a 1% reserve. While this has long been a district policy, it has never been enforced. Gordon said it now would be, as it wasn't adequate to rely on the contingency reserve alone. Hernandez objected to East and Pierce being required to maintain a reserve separate from their existing balances. Beaulieu agreed, given that East has a total balance of some \$35M and Pierce around \$15M. McDowell, however, argued that it was valid, given that East's balance was the consequence in large part of East taking advantage years ago of being in a large district (given the growth rules at that time). East's balance was really the district's, he said. Beaulieu disagreed sharply.

6. FPRC Report (Daniels and FPRC members)

A number of items were discussed:

a. No FON handout was available, to the consternation of some, but the figures were reviewed. The FON obligation is 1461, and colleges need to hire up to 1479 total (the same number as Fall 2010), in order to replace all retirees, et al. If they go below their totals they risk being fined by the district \$65,000 if the District falls below and the State fines the District.

b. The charge of the DBC and FPRC was discussed further. It was reported that the DBC charges were approved by FPRC. However, the proposed charges of FPRC were not final, as the issue requires further discussion with the Chancellor. Olga Shewfelt and others did have questions about the relationship between the two committees. It was reiterated that the FPRC is a subcommittee of the DBC. One proposal has it playing the role of an executive committee to the DBC. Joanne Waddell objected to the term "steering" committee. Having co-chairs of the FPRC was also recommended.

c. Staff recommendations to balance the budget for 2011-12 were presented. There was some confusion as to whether these were coming from the FPRC. It was presented to the Cabinet and the FPRC for review. The FPRC has to work on them further before bringing them to the DBC. A 10% balance (5% contingency reserve and 5% general reserve) is one recommendation. A motion to approve the recommendations was withdrawn, given the lack of notice. It was asked to have the recommendations be corrected with some minor suggested changes and send it out electronically to DBC members for review before the next DBC meeting. Ken Takeda asked if recommendation C, allowing colleges to access the district balance by meeting certain criteria would not be a big change in the current model. There was a review of the work of the Grant Allocation Task Force. Beaulieu said the long-claimed Harbor "structural deficit" looked dubious now, given that the college, under a new president, is now projecting a balanced budget. The FPRC is now committed to looking at other "structural" issues, such as salary/benefit expenses at small colleges, as part of its allocation model reassessment. Gordon promised action on this in the upcoming months.

7. Announcements and Proposed Future Agenda Items

None.

8. DBC Recommendations to the Chancellor

None.

The meeting was adjourned at 3:35.