

# Los Angeles Community College District

## District Budget Committee Meeting Minutes

May 22, 2013

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

### Roll Call

Committee members present as indicated (X).

#### **Academic Senate**

David Beaulieu	X
Joseph Perret	X
Dana Cohen	
Jeff Hernandez	X
Lauren McKenzie	X
Allison Moore	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	
Leila Menzies	
James Bradley	
Velma Butler	X
Lubov Kuzmik	
Richard A. Rosich	
Jim Adams	

#### **College Presidents**

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

#### **Student Trustee Rep**

Joseph Tucker	
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\* DBC CO-chairs

\*\* Interim

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### Also Present

#### **Resource Persons**

Adriana Barrera  
Perrin Reid  
Adriana Barrera  
Vinh Nguyen  
Yasmin Delahoussaye  
Chito Cajayon  
Cathy Iyemura  
Michael Shanahan

#### **Guests**

Violet Amrikhas  
Don Gauthier  
Ann Tomlinson  
Ken Takeda  
Paul Carlson  
Maureen O'Brien  
Chris Bonvenuto  
Ferris Trimble  
Tom Furukawa  
Mary Gallagher

## **1. Call to Order**

The meeting was called to order by Dr. Kathleen Burke-Kelly at 1:40.

## **2. Approval of Agenda**

The agenda was approved without changes.

## **3. Approval of Minutes for April 24, 2013**

The minutes were approved without changes.

## **4. Election of DBC Co-chair Election (Faculty)**

David Beaulieu nominated John McDowell and was seconded by Joanne Waddell, and there were no other nominees. John McDowell was elected unanimously for a two-year term beginning July 1, 2013.

## **5. May Revise**

Vinh Nguyen presented the Governor's May Revise budget proposal and its impact on the LACCD budget. For K-12 and community colleges, the May Revise proposes Proposition 98 funding at \$56.5 billion for 2012-13 year and \$55.3 billion for 2013-14 budget year. It reflects a \$2.8 billion increase in Proposition 98 funding in the current year and a \$1.8 billion decrease in Proposition 98 funding in the budget year 2013-14.

Highlights of the Governor's proposal related to the California Community Colleges and their impact to the LACCD budget include:

\$340 million to buy down deferrals for current year 2012-13 => LACCD = \$26 million  
\$87.5 million for COLA (1.57%) => LACCD => \$7.3 million  
\$89.5 million to restore access (1.63%) => \$7.1 million

It was noted that the District planned its preliminary budget on a COLA of 1.66% and 2% for growth and restoration based on the Governor's January Proposed Budget. COLA will have to be adjusted to 1.57% and growth/restoration to 1.63% in the Final Budget.

Some other key funding provisions:

\$30 million for Adult Education (applied toward 2-yr planning and implementation)  
\$99 million for Student Success => LACCD = \$9 million  
\$16.9 million for Delivery of Online Courses through Technology  
\$51 million funding for Energy Efficiency program (Proposition 39)  
\$64.5 million for Additional Deferral Buy Down => LACCD = \$6 million

In the May Revise budget, the Governor withdrew the 90-unit cap and the Adult Education Proposals. Members commented that for online courses through technology, the State Chancellor's Office should develop the clearinghouse database. Proposition 39 energy efficiency funding was proposed for training and energy retrofits.

## 6. Executive Committee Report & Recommendation

Dr. Kathleen Burke-Kelly reported the ECDBC recommendation on the Proposed College Debt Repayment Policy as the first reading for review and discussion. The debt repayment policy was proposed as follows:

*"1). Limit annual college debt repayment not to exceed 3% of the college's final budget allocation;*

*2). College shall receive relief from debt repayments under the following conditions:*

- Balanced its budget for at least three consecutive years;*
- Has paid its annual debt according to its repayment plan;*
- Has paid off 50% or more of its total debts.*

*3). If the college continues to maintain a balanced budget in the subsequent years\*, the remaining debt repayments shall be waived for the remainder of the repayment period. However, if the college fails to maintain a balanced budget in the subsequent years, the remaining debt repayments shall not be waived.*

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*\* Subsequent years are the years in which the college is still obligated to pay back the remaining annual debt installments".*

Some of the ECDBC members affirmed that they have spent much time reviewing the current debt repayment policy. They were concerned about the continuing growth of the college debts and their effect on the college's ability to balance their budgets. Colleges in debt were having difficulty paying off their debts and balancing their budgets. This proposal limits the annual debt to 3% of the college's final budget and provides relief for colleges to get out of debt with the requirement that colleges would continue to maintain some accountability in balancing their future year budgets.

Joe Perret indicated several suggestions for further review: (1) allow the colleges to negotiate their budgets with the District so the colleges can live within their budgets; (2) indicate what should happen to the 3% debt returned from the colleges in terms of giving it back to the colleges; (3) do away with the 50% payoff because it is disincentive for the

colleges; (4) take the 3% off the top of the allocation (the currently procedure) at the beginning of the fiscal year; (5) give new presidents some period of time (one or two years) without having to deal with the budget debt repayments. In addition, he suggested that the debt repayments should be repaid in three years, instead of a five year plan allowing colleges to build up their balances. Joe Perret was asked to send his suggestions in writing to the ECDBC for further review.

David Beaulieu did not support the recommendation and indicated that the ECDBC did not have unanimous recommendation on this proposal. Each college in debt was in its situation for different reasons, and they should not be treated the same.

Members discussed how the proposed changes would address the colleges' ability to grow out of their debt. Joan Waddell requested the presidents and vice presidents that were affected by this new proposal to comment. The presidents from Harbor College, Southwest College and Valley College offered their views on a wide range of issues including: changing the campus behaviors to balance the budget, rebasing to provide adequate funding to colleges, funding for fixed costs, funding at the district average per FTES, the cost of meeting the FON, and reviewing the level of college assessments (garnishments) for district-wide functions and services to put more money back at the colleges.

Dr. Kathleen Burke-Kelly indicated that this was the first reading of the recommendation. Members of the DBC were urged to take this proposal back to their various colleges and constituencies for input prior to the item being discussed again at the June 2013 DBC meeting. The ECDBC will review the DBC comments and bring back to the DBC their recommendation for consideration at the next meeting.

## **7. FON Update**

Dr. Barrera reported the preliminary faculty hiring status. She reported that the District received to date 78 notices of intent to hire; 71 have been cleared through HR. There are 30 faculty positions being advertised, 39 positions are in the search process for selection stage, and 2 positions were closed. She reported that we are short of our goal of 108, and she is following up with the colleges.

Members were concerned about not meeting the goals and requested further information on reasons for not meeting the goals.

## **9. 2013-14 Proposed Tentative Budget**

The Proposed Tentative Budget was presented. It was noted that the COLA and Growth changes will be adjusted in the Final Budget. The current Contingency Reserve and General Reserve balances were also provided. Discussion centered on the level of 5% for General Reserve and 5% for Contingency Reserve. It was suggested that the reserves need to be discussed further, especially that the Contingency Reserve level, which some argued could be scaled down to reflect the actual usage or needs.

## **10. Proposed 2013-14 DBC Meeting Calendar**

The proposed 2013-14 DBC meeting calendar was approved as presented.

## **10 . DBC Recommendations to the Chancellor**

No recommendation was made.

The meeting adjourned at 3:45.

The next meeting will take place on June 19.