

Los Angeles Community College District

District Budget Committee Meeting Minutes

January 19, 2011

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

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

Unions/Association

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

College Presidents

Ernest Moreno	X
Jack E. Daniels III*	X
Jamillah Moore	X
Judith Valles	X
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

Daniel LaVista
Joan Steever
Karen Martin

Other Guests

Paul Carlson
John R. Oester
Ann Tomlinson
Alex Immerblum
Betsy Regalado
Nestor Tan
Maureen O'Brien
Mary Gallagher
Ken Takeda
Sandra Lee
Ray Di Giulio
Arnold Blanshard
Ken Sherwood
Tom Jacobsmeyer

1. Call to Order

The meeting was called to order by Jack Daniels at 1:40.

2. Approval of Agenda

The proposed agenda was approved.

3. Approval of Minutes for December 8, 2010

The minutes for December 8 were approved with minor corrections and an accepted clarification by Jeff Hernandez to the second paragraph of item #5 (FON Update).

4. Governor's Budget Proposal

Jeanette Gordon reviewed the state budget situation, beginning with a general review of the governor's proposal. For community colleges, there is a 6.8% reduction in apportionment (\$400 million), a student fee increase from \$26 to \$36/unit (\$110 M), 1.9% funded growth (\$110 M, and funded by the fee increase), and additional deferrals of \$129 million, bringing the total deferrals to \$961 M. There are, however, no further cuts to student support categorical programs. The cuts would translate into 400,000 students losing access statewide (including those who unfunded students as well as those who have lost access from earlier cuts).

The deferral total for the district will be an additional \$12 million, for a total of \$89 M. We should be paid that money in July and October. The district will suffer a \$33.8 M reduction, but \$8.8 M would come back to us with the proposed growth money. An additional 15,000 students would lose access, bringing our total to 40,000 (due to 25,000 unfunded already).

Beaulieu noted the general confusion as to whether the net cut was \$400 M or \$290 M. Carl Friedlander said it's \$290 M or 4.9%, given that the 6.8% would be offset by the 1.9% in growth money. We would then have a \$25 M problem, not a 33.8 M one.

He also claimed that the \$400 M cut will be hard to reduce (and certainly not eliminate), given the current state budget crisis. He did think the census date change would be successfully resisted. Chancellor Scott feels very strongly that it is wrong, and all major CCC stakeholders are in agreement. Friedlander finds it hypocritical for the state to cut our budgets and still insist we grow in order not to be cut even further. He argued for a workload reduction. If we're to get less from the state, then we should not be expected to do as much. Paul Carlsen disagreed, and Hernandez suggested that program cuts would not suffice this time, as they did in 2009.

The worst case scenario was reviewed. If the tax extensions are not approved (or not placed on the ballot in the first place), then the district will face a net \$67 M deficit, as opposed to only \$25 M in the first scenario.

John McDowell challenged Gordon's claim that the CCC's would face cuts of \$500 M each year for the next five years, assuming the worst case scenario. He argued the figure was disproportionate to the entire state budget (some \$80 billion).

Gordon noted current plans to deal with the anticipated cuts. Each college has been asked to prepare contingency plans for 5%, 10%, and 15% reductions in their total budgets. They are due in this week. The district will also examine hiring and purchasing practices, identify savings through program and services review, and minimize financial impact on employees, all the while maintaining the district's core mission.

Paul Carlson claimed that the centralized accounts and district office were only being asked to cut 3% and asked for a rationale. Vinh Nguyen insisted that there was a technical reason for the apparent discrepancy having to do with centralized accounts (increases in retirement health benefit costs) and that the district office will have an equal share of any reduction.

Hernandez asked how we can continue to maintain a large balance when the colleges are now facing more drastic cuts that will impact permanent employees. Gordon insisted the reserve is one-time money and shouldn't be used to fix a long-term problem.

John McDowell cautioned that we don't yet know if the budget cuts won't be worse than 5%, given the political situation. He argued that we may have to change the model we are operating under now, as opposed to making set cuts to all programs on a regular basis. He again asked whether ITV was a useful expenditure.

Jack Daniels noted that we have to remember our core mission: transfer, CTE, and basic skills.

5. 2011-12 Proposed Preliminary Budget Allocation

Nguyen mentioned that the Guild will not support keeping the \$6 M set aside from the trust fund for the post-retirement health benefits, given the size of the district balance. He then reviewed the details of the proposed budget allocation with the 4.9% reduction. There were further questions regarding the IT budget, as well as how assessments to the colleges for DO/CA accounts are calculated. Gordon insisted that they are following the agreed upon district allocation model that the DBC approved after the passage of SB 361. Beaulieu noted that any change to the allocation formula has to be approved by the DBC before going to the chancellor.

Nguyen explained discrepancies in the college allocations are the result of each college having additional sorts of revenue. A 6.8 percent reduction was applied to the net college base revenue, then other revenue, such as nonresident tuition, lottery, college dedicated revenue, etc., was added. Each college projected a different level of these revenues.

McDowell said cuts should be kept as far away from students as possible and also that a district group should provide help to the colleges in figuring out how to cut budgets. Daniels suggested that the existing VP councils be the focus of those discussions.

Gordon defended the existing sheriff's contract, noting that we paid a lot more when we had our own police force. In addition, the Sheriff's give us one officer at each location for free. Beaulieu said that there was supposed to have been a study done as to ways in which the sheriffs' contract could be reduced without diminishing security.

6. FPRC Report

Daniels summarized the discussion in FPRC the week before. The committee focused on the role of the FPRC. It reviewed the history of its formation, its relationship to the DBC, its current charge, and whether or not it should focus more as an ad hoc work group on specific budget issues, such as the district allocation model. The current redundancy in discussions between the two committees was one concern. Additionally, he said questions were raised as to whether the DBC shouldn't meet less frequently, rather than often hear the same comments repeated, and whether the size of the DBC should not be smaller, in order to improve efficiency. He stressed the need for FPRC to be issue based. The FPRC has not finalized any recommendations at this point.

Beaulieu added that any change in either the DBC or the FPRC is a matter for consultation between the chancellor and the Senate, as per Title 5. The formation of the DBC in 1998, signed by the DAS president and chancellor at that time reflects this. He noted, also, that the specific changes suggested were proposed by the chancellor, not the committee as a whole. FPRC faculty members are opposed to reducing the size of the DBC, given the size of the district and the natural suspicion that surrounds budget discussions. Some faculty members were receptive to considering a reduced DBC meeting schedule, though he wasn't himself. However, he agreed that the FPRC is not functioning well, and that faculty have been complaining about this for over a year. One other suggestion is that the FPRC work as a sort of executive committee to the DBC, as well as a work group. The DBC charged the FPRC to work on the allocation model one year ago, but little has been done.

Tom Jacobsmeyer added that the FPRC also discussed how to tie planning to budget discussions. This is being done now at the colleges, but we don't have a clear way to do this at the district. If we don't do so, we run the risk of damaging important district programs unnecessarily.

Chancellor LaVista said we should look at these proposals as a work in progress. He

found the FPRC discussion very useful and interesting. Determining the relationship between the two committees is part of his overall effort to reassess all Board and district committees and their functions. He added that his proposals should not be seen as formal recommendations. He offered to go back to the FPRC with a revised charge for the DBC and FPRC. That can then be discussed with the DAS before it comes to the DBC. The draft he is now working on actually broadens the scope of the DBC, giving it more of a policy role.

LaVista stressed the importance of finding ways for the colleges to work together more without losing their distinctive characters. He remarked that some comments made earlier seemed to suggest that the work of some employees was more important than others. He asked that we not draw distinctions between the work of faculty, staff, and administrators, but recognize that all make contributions to our students. Finally, he said that some district functions should be reviewed.

7. Announcements and Proposed Future Actions

Daniels introduced Mr. Ray DiGuilio, the new Interim VP of Admin Services at SW. He also announced that Felicito “Chito” Cajayon had been named Vice Chancellor of Workforce and Economic Development.

The meeting was adjourned at 3:00.

--David Beaulieu