

Budget Committee Meeting

January 23, 2014, 2:30 PM

Minutes

Present:

Ken Takeda	VPAS, Chair
Olga Shewfelt	Co-Chair, AFT Faculty
Bob Sprague	VPAA
Phyllis Braxton	VPSS
Judy Chow	Academic Senate
Dionne Morrissette	AFT Classified
Raymond McDaniel	ASO President
Alex Hoch	ASO, Guest
Rebecca Tillberg	Planning Committee Liaison
Carmen Dones	Dean Dental Hygiene/Guest
Helen Lin	Resource, Academic Affairs
Hansel Tsai	Resource, Admin Services
Maureen O'Brien	Resource, Admin Services

1. **Call to Order/Approval of Agenda.** The meeting was called to order by the Chair at 2:40 PM. Olga Shewfelt motioned to approve the agenda, Judy Chow seconded the motion.
2. **Approval of Minutes.** The minutes of the October 24, 2013 meeting were adopted by motion of Ken Takeda and 2nd by Judy Chow.
3. Old Business: None.

4a. **Dental Hygiene Request for \$1,400 Certification Fee.** Carmen Dones, Dean of Dental Hygiene, requested budget augmentation in the amount of \$1,400. This amount is a new one-time certification fee from the Dental Hygiene Committee of California, calculated at \$200 per off-site dental practice location. Off-site practice locations are needed in order for students to complete the required hours for certification. This is the first time such a fee has been levied by DHCC and should not occur again unless the college contracts with a new off-site location. The fee was not anticipated and therefore was not requested in the normal budget or program review cycle. Ken Takeda noted that this would be a one-time budget transfer, not part of the base budget for Dental Hygiene. Ms. Dones was excused from the meeting so committee members could deliberate on her request. Ken Takeda supported the request as it is required and was unanticipated. Olga Shewfelt stated that she supported this request and reiterated the need for the development of a process to handle new funds requests that cannot be handled through

existing processes. She urged the Committee to adopt a written policy for emergency expenditures and volunteered to craft a draft for review. The Chair noted that the adoption of such a process would fill a gap identified during the recent accreditation review, i.e. the need for a procedure for approving unexpected expenditures. Ms. Shewfelt moved to approve the expenditure requested by Ms. Dones. The motion was seconded by Ms. Braxton.

b. Monthly Budget Projection (November close). On this item the Chair discussed four schedules which are incorporated in these minutes. The first is the actual Monthly Budget Projection based on expenditures at the close of November. The ending balance at this time was projected to be \$106,056. The Chair directed the Committee's attention to the implications of the diminishment of the ending balance which began the year at \$2,473,981. This diminishment represents an operating loss of more than \$2.3M. To understand the operating loss three additional schedules were presented. The Summary schedule indicates that the increase in revenue from F2013 to F2014 is \$1,217,005 and the increase in expense is \$3,584,930 which nets to the operating loss of \$2,367,925 and shows a sharp increase in expense.

The revenue schedule shows that increases have occurred in ending balance, allocation, and state mandated cost reimbursement, but a number of augmentations occurred last year that will not occur again this year. The one new item of revenue, district growth subsidy at cost, will be absorbed by additional expense. There are two known items of revenue which will be included in the next monthly projection: \$35,000 for an additional FON hire and \$100,000 for contract education.

Ken Takeda commented on items in the expense schedule. The increase in hourly faculty expense includes expense for summer 2014. It is planned that revenue for this semester will be deferred to next fiscal year. The COLA increase was not completely funded by an increase in the state allocation; there has been discussion in DBC to make the colleges whole on this item by distributing funds expected from RDA backfill. The Chair has asked district budget office to indicate the amount each college can expect so that this amount can be included in the 2nd Quarter Report.

c. District Budget Committee (1-22-14). At its meeting of January 22 the DBC approved its self-evaluation for 2012/13. The Chair shared the following highlights of information items related to the Governor's budget covered at the meeting:

- 3% enrollment growth (\$13.5M for LACCD)
- 0.86% COLA (\$4.1M for LACCD)
- Student Success: \$200 million statewide (\$15M for LACCD)
- Deferred Maintenance: \$175 million (\$14M for LACCD)
- RDA Backfill: \$38.4 million FY13-14 (\$4M for LACCD), \$35.6 million FY14-15 (\$3.5M FOR LACCD)
- Prop 39 Energy Efficiency: \$39 million (\$3M for LACCD)

Other information of interest was the confirmation of the District's 3 year FON subsidy commitment for 28 fall 2013 full-time faculty hires district-wide: \$35,000 year 1, \$25,000 year 2, \$15,000 year 3. West had the highest number in the District – 8 so will receive \$280,000 for 2013-14.

District Budget staff announced the preliminary allocations for 2014-15. For West the amount is \$30,298,952 (compare to the 2013-14 allocation of \$29,809,018). The base M&O funding is \$4,539,066, down from \$5,035,389 in 2013-14. The Chair is investigating this reduction which is based on square footage of buildings in use at a certain point in time, October 2013. Ken Takeda pointed out that a spokesperson for the State Legislative Analyst's Office has stated recently that Community College funding has now reached the 2007-08 level!

There followed some discussion about Adult Education Programs in the contest of the Governor's intention to move the responsibility for these programs to Community Colleges. Bob Sprague spoke to his interpretation of this issue that despite the Governor's stated commitment to provide funds in 15-16 to implement plans being developed by regional adult education consortia, the financial support for these programs is dropping hugely. He stated that LAUSD's budget for AEP is currently \$800M but next year there may only be \$350M available state-wide. There will be a need to offer AEP at a much lower cost which will involve limiting access and changing priorities. Programs for seniors will likely decline, ESL and skills training will continue.

Helen Lin pointed to the student support funds indicating that the priority for this funding is 50/50 support for SSSP and support for underrepresented students. For the community colleges it will be important to update their Student Equity Plans in order to demonstrate need for funding.

Olga Shewfelt spoke about the disagreement between the DBC and the Board of Trustees on the issue of district reserves. The DBC wants to see the Colleges receive as much funding as possible, which would mean keeping the district reserves at a minimum level, whereas the BOT appears to be maintaining a inflexible position to keep reserves at a higher level. An example of this position was the denial of 8 of the 9 District positions that the DBC supported provided that funding come from the district reserve. The BOT refused to agree to the reserves as a funding source. A motion was put forth at the DBC that members show up en masse at the next BOT meeting to urge that an agenda item be added to address the use of District reserves.

Phyllis Braxton mentioned accreditation concerns on the subject of reserves and the district's need to meet GASB requirements. The Chair responded that the reserves could be lower and still meet requirements. Larger reserves grew out of the pre-prop 30 desire on the part of the Board to set up a "rainy day" fund.

Olga Shewfelt mentioned her commitment to writing up a short, non-technical, outline of the budget process for non-finance members of the Committee and the College. She would start with the Governor's proposed budget (executive branch), followed by the legislative response (legislative branch which represents the voters).

There followed discussion of the implications of increased SSSP funding. Phyllis Braxton stated that the match requirement has been suspended for this year, but presumably will return in the 2014-15 year. Another issue is the cost of implementing the SSSP program. Although the funding has increased, it has not increased enough to cover the cost of counseling needed to accomplish program goals. The financial burden will fall on the general fund which can ill afford it. Ken Takeda noted that discussion was extensive on this issue at the State CBO meeting. All colleges in the state are struggling with the 3:1 match and could foresee having to refuse the funds because they cannot comply. In addition the 50% rule could be adversely affected by the hiring of additional counselors in the general fund.

Olga Shewfelt asked a follow-up question. On what basis did the BOT adopt the current reserve percentages? Ken Takeda stated that the District CFO, Jeanette Gordon proposed a 5% general reserve which would not be touched and a 3% contingency reserve which would be spent with Board approval if needs arose at the college level throughout the year. We are currently working with a 10% total reserve and with a general unwillingness at the Board level to spend the contingency portion. Bob Sprague suggested we might, as a persuasive device, develop a plan for West's use of its' portion of the "extra" 2% currently in the reserve. The Chair noted that the larger the District's reserves, the more favorable the rate of bond interest.

d. PIE Committee Report.

- Rebecca Tillberg reported that Program Review is moving into the prioritization phase, each VP prioritizes the requests of their division.
- In connection with the work on the Education Master Plan, a 14 member workgroup has produced a preliminary list of strategic directions for the College. The next step is to solicit feedback at the spring summit on Flex day, February 7. The finalization of strategic directions is Phase I. Phase II will be to articulate goals, strategies, and action plans.
- The PIE Committee is presenting a motion to College Council that "College leadership should consult the prioritized project list whenever funds become available", for example, this year's Block Grant for instructional support, Perkins, formerly VTEA, and other restricted sources.

e. Adjournment: The meeting adjourned at 5:05pm.

