

Budget Committee Meeting

February 28, 2013, 3:00 pm
Minutes

Present:

Ken Takeda	VPAS, Chair
Shalamon Duke	VPSS, Acting
Judy Chow	Academic Senate
Ashanti Lyles	AFT Classified
Dionne Morrissette	AFT Classified
Olga Shewfelt	AFT Faculty
Abel Rodriguez	SEIU 721
Eric Ichon	Teamsters
Nabil Abu-Ghazaleh	Guest, President
Fran Leonard	Guest, College Council
Laura Peterson	Guest, 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 3:40PM. As a quorum was not achieved, all action items on the agenda will be postponed. In addition, the chair announced that the following agenda items would be postponed until the next meeting: item 3a, item 4c, and item 4e.
2. **Approval of Minutes.** The minutes of the January 24, 2013 meeting were postponed due to the lack of a quorum.
3. **Old Business:** postponed.
4. **New Business:**

Item 4a. 2nd Quarter Report/Meeting with District. The Chair described the highlights of this meeting:

- i) **Finances.** As of 2nd Quarter, the College is projecting an ending balance of \$815,190 at 6/30/13. The District is projecting a higher balance of \$1,791,072 based on anticipated additional revenue of \$106,707 (State mandated cost reimbursement of \$186,379 less an allocation of \$79,672 to the District) and \$692,943 (West's share of a portion (2.5%) of the contingency reserve set up at the beginning of the fiscal year when

Proposition 30 was not expected to pass) and a lesser expenditure for the year because the cost of the upcoming summer session A is not included in the District's projection. A share of each College's mandated cost reimbursement from the State will be retained by the District to mitigate the inequity caused by the restrictions placed on the EPA funds. Prior to Prop 30, the District budget was reduced by 6% in line with the same level of reduction made by all the colleges. However, the District budget could not be restored with EPA funds because all EPA funds must be used for instructional costs.

- ii) **Enrollment.** As of 2nd Quarter, the College FTES target is 6,717. This number may increase as there may be an opportunity for growth this year in the neighborhood of 1.5% - a re-distribution from other community colleges in California who have been unable to meet their targets. District personnel suggest that West grow summer beyond immediate need in order to be able to take advantage of this growth if it materializes. The advantage of summer is that the College has the option to declare Summer A FTES for either the current or the next fiscal year.

Item 4b. District Budget Committee, Feb 13. The Chair elaborated on certain items of interest from this meeting:

- i) The Executive Committee of the DBC declined to recommend on-going funding of expenses related to accreditation. The background on this item is that the seaside Colleges, who were most recently visited by an ACCJC accreditation team, were granted one-time funds to address the deficiencies cited by the team. West received \$210,000.
- ii) The Executive Committee of the DBC is implementing Phase II of the Budget Allocation Model. The District's small colleges have traditionally argued that when growth money is available from the State, it should be allocated to the small colleges so that they have the opportunity to grow to mid-size and thereby participate in economies of scale. Phase II of the new Budget Allocation Model does not appear to be going in this direction.
- iii) The Controller's report to the DBC regarding State funding for 2012-13 included references to almost certain shortfalls to the State's budget which could result in a mid-year correction for community colleges. These shortfalls result from:
 - a) Savings not fully materializing from the closure of the redevelopment agencies. LACCD share about \$31.2M.
 - b) Property tax revenue not coming in as high as projected.
 - c) Unpaid student enrollment fees.Should a mid-year correction occur, District plans to absorb the cost in the reserve and not pass it down to the Colleges.
- iv) There is good news for 2013-14: 1.66% COLA and 2% enrollment growth.

Item 4d. Fiscal Year 2011-12 Audit Report. The Chair provided a link to the complete report on the District's website. There are four parts to the "Report on Audited Basic Financial Statements":

- i) The Introduction which includes the basic financial statements.
- ii) The Required Supplemental Information which relates to the funding progress of other postemployment benefits.
- iii) Supplemental Financial Information which provides detailed schedules per fund.
- iv) Other Supplemental Information which includes the opinion of KPMG for the financial audit which was unqualified and the opinion of Vasquez & Company for the audit of Federal programs and the audit of State programs which were also unqualified. This section also includes any findings, recommendations, and management responses. Ken Takeda called attention to two findings. For the general audit, the bond fund, which is operated on the cash basis, was not properly converted to the GAAP required accrual basis. For the state program compliance audit, West, along with Harbor, Mission, Valley, and City, was cited for missing or incomplete census rosters (19 for West). Olga Shewfelt asked if we have complete census information for the current and fall semester? She stated that providing this information is a contractual obligation for faculty.

Other Discussion.

Olga Shewfelt asked how the EPA funds were to be spent. The President responded, saying that 28 additional sections were added to spring and 130 sections are planned for summer. The summer sections may be increased by about 15 in order to generate 67 FTES. Ken Takeda added that the EPA funds must be used for instruction in spring which frees up funds for other needs. Olga Shewfelt asked how much additional money was available through the EPA. Ken Takeda responded \$2.4M from EPA. He added that the expected funds from the return of 2.5% of the contingency reserve, \$692K will be used primarily for faculty salaries in the summer program.

Dionne Morrisette asked, with regard to budget allocations for the new year, how does the college recognize needs? The President responded that needs are identified in Program Review and from other sources if it is found that Program Review missed important items. Eric Ichon asked when the PIE recommendations would be complete. He said he understood the need for process, but he also has a need now to gear up for next year. Nabil Abu-Ghazaleh stated that he would intervene if necessary in emergency situations. Shalomon Duke commented that PIE should be prioritizing next week, then the recommendations would go to College Council, and then to the President. Nabil Abu-Ghazaleh commented that we need to determine if we are able to run the College based on this prioritization process, this being the first time we are following this process. Olga Shewfelt stated that West's FON commitment is in the ballpark of 5 – 7 positions. She spoke to the need for early recruitment in order to make the best hires. The President said

he was in favor of quick action on the FON. Shalomon Duke stated that FPIP Committee would have recommendations for the President by the 3rd or last week in March.

There was some discussion of the time for the next Budget Committee meeting. It is usually the last Thursday of the month, but in March there is a conflict on the 28th. Tentatively, the next meeting is set for 3:00 PM Thursday, March 21. The Committee will meet at its regular time in April, on the 25th.

Item 5. Adjournment. The meeting adjourned at 4:35 PM.