



Budget Committee Meeting

APPROVED 4/25/19

MINUTES

February 28, 2019

Student Services Building, Room 414, 3:00 PM

Title/Role	Name	Present	Title/Role	Name	Present
VPAS, Co-chair	Iris Ingram	X	AFT Faculty	Vidya Swaminathan	X
AFT Faculty President, Co-chair	Olga Shewfelt	X	AFT Faculty	Tim Russell	X
Academic Senate	Charles V. Daniel	X	ASO	Flor Rios	X
Academic Senate	Sara Coppola	X	SEIU 721	Bruce Hicks	
VPAA, Administration	Ara Aguiar		Teamsters	Walter Jones	X
VPAS, Administration	Roberto Gonzalez		Planning Cmte. Liaison	Patty Quinones	X
AFT Classified	Dionne Morrissette	X	Resource	Rasel Menendez	
AFT Classified	Ashanti Lyles	X	Resource	Hansel Tsai	X
AFT Classified Alternate	Noelle MacDonald	X	Resource	Helen Lin	X
			Resource (Substitute)	Bill Gasper	
Guest	Tak Fujii	X	Resource	Tamara Washington	X

1. **Call to Order / Approval of Agenda** **Action**
2. Co-chair Iris Ingram called the meeting to order at 3:26 P.M. The agenda was approved as written.
3. **Approval of Minutes** **Action**
 - a. The November 29, 2018 minutes were approved as amended.

4. **Old Business:**
 - a. District Budget Committee **Information**

O. Shewfelt – We’re still in that funny place of not knowing how this is going to come down to us internally. What is going to be the system? If we start measuring everything and looking at our educational enterprise from a financial perspective only, e.g. whichever discipline, whichever unit, let me see how much you produce, let me see how many degrees you give out, let me see how many people are transferring, it could be very nasty. We should remind ourselves that we are not running a bank but an educational institution. There is an element here that is not quantifiable in purely financial terms.

***P. Quinones* - Has the district run models based on the new Student Centered Funding Formula (SCFF)?**

I. Ingram - The district has run projections based on the SCFF that they distribute at the executive committee of the DBC. At our last meeting, I showed everyone a model of how the SCFF would work. We could put our numbers in the state’s SCFF model but it wouldn’t tell us, or even get us close, to what that means for West because we’re a nine college district and if no internal allocation method has been decided those projections are not useful for us.

5. **New Business**
 - a. **Student Centered Funding Formula** **Information**

I. Ingram - Normally at this time of year, I would present a FY 2019-20 preliminary budget allocation for our college but as of last night, we still don’t have an allocation model from the District. It’s not the fault of our local district budget office. There are many changes occurring statewide with respect to the SCFF and much of the data we have been relying on has proven not as reliable as previously thought. The Office of the Legislative Analyst, the State Department of



Finance and the California State Chancellor's Office are reviewing MIS data going back to 2017-18 and they are finding some issues. That's holding up the allocations across the state, which could potentially impact the current fiscal year although we don't know to what extent yet.

Our current allocation will most likely be what we received last year plus COLA, which was 3.45%. My projection for fiscal year 2019-20, the FY that starts July 1, is that our allocation will again, be this year's allocation plus COLA. COLA for FY 2019-20 is actually smaller than what we got this year.

W. Jones - Why is COLA smaller?

I. Ingram - The state sets COLA every year. The major issue is that revenue and enrollment are flat. The SCFF is in effect and we are still being funded based on these metrics even though enrollment is flat districtwide. However as usual, West is doing well as a campus and has grown in the last five years. But we cannot grow enough to lift the entire district. The thing that is helping us as a district is that our FTES is based on a three-year rolling average.

b. Performance Metrics

Information

I. Ingram - This is a report showing the latest MIS data, from our researchers at District, which was given to the Board of Trustees (BOT) Subcommittee on Budget and Finance. The handout will be emailed so you can see how West is doing compared to the other eight campuses with regards to certain performance metrics. There are some areas where we can improve but overall we're doing relatively well. West was heaped with praises at the quarterly meeting with the District CFO and Vice Chancellor because our enrollment and efficiency are up. We're running more sections but our headcount per section is higher so we maintained efficiency. A number of our performance metrics are on an upward trajectory as well.

The second page shows a timeline by which the district will have completed and made a decision on the budget allocation process. The third page is the projected ending balance for the district and the last page shows the projected reserves. District is holding funds in reserve for possible redistribution this fiscal year but they haven't said how or when they're going to do it. Also, a certain amount of money is kept in abeyance to smooth what some people call "going off the fiscal cliff", in the event that we don't meet our districtwide performance metrics. The state is finding errors in the MIS data, but we don't know if the errors are on the part of LACCD or other districts in the state and that has effects on distributing reserve money. Hopefully, by March we will have some additional information after the State Chancellor's office vets the data.

One of the areas where we are really doing well is our ability to capture our credit and non-credit FTES. Our Pell numbers - which are a districtwide issue - are getting better but they're still not where they need to be; there's a task group working on that. With regards to AB 705, we do have slightly more students getting through college level English in the first year. However, there is no districtwide solution yet on how that will be worked out and we can't do anything in isolation; it has to be done in concert with the other eight campuses. We are a little bit down on our AB 540 student count but that is a function of who comes to your campus and your demographics. Outreach is addressing that matter. Another area where we're doing well is AB 288 - dual enrollment. Those numbers are some of the highest in the district. We are still working on credit standard hours, which is essentially positive attendance.



T. Russell – There was an issue with PeopleSoft. Faculty were submitting them but it wasn't capturing so I worked with them to address some of that. Then there were a few instances where faculty members clicked 'post' but it did not work.

I. Ingram – So the issues weren't about not having the data, it was an issue with the software. All those other issues are 95% to 100% resolved. My understanding is that at least every month the District research group is going to produce that set of metrics for the entire district and then by campus. I'll try to distribute that document but you can always get it by going online to the BOT website and downloading agendas.

O. Shewfelt – We are halfway through the fiscal year without an internal allocation method. I would like to see more discussions about how we are going to organize our budget around the SCFF. People want to understand the budget and people have the capacity to understand the budget.

Motion (Shewfelt/Russel) – The budget committee will generate several, colorful flow charts explaining very simply and clearly the budget process. It should show where it starts, where it develops, where it is done and who are the people responsible for those pieces. ***(Motion passed unanimously at 3:55 pm.)***

Operating Budget and Program Review Discussion

I. Ingram – We are in the midst of our budgeting process for FY 2019-20. Hansel has sent out operating budget requests to the respective deans and program directors. We generate a report that shows their current allocation and then ask what their needs are for the current year. Now's a good time to remind everyone that program review is also open and it impacts everyone in this room. This year offers the opportunity to adjust program plans in light of the required SCFF metrics. And while we're going to have a truncated program review process - it won't be as involved or as long - it's still taking place. We have to, because that's how we determine the allocation of resources across the campus. Even though we may not be getting additional funding, we have to make decisions based on the agreed to priorities as defined by the SCFF, our own educational master plan and our other processes. We've received a brief extension from the district to turn in our operating plan for next year because they haven't given us our allocation yet, but the deadline for the program plans is still March 22nd.

O. Shewfelt – **Are the fixed costs, the operation budgets of the units, vetted by the deans and VPs?**

I. Ingram – The requests go to the deans and the VPs and then they'll handle it the way they see fit in terms of how they report that information back. Some units may have a meeting to make a determination as to what they're going to put in their budget request, others may just do it on their own. What we're basically talking about - the fixed costs - are about 95-96% of the budget and it's all of the personnel costs. What they're really looking at are the non-personnel costs.

O. Shewfelt - **When must the operation budget be in place for FY 2019-20?**

I. Ingram – March 8th. We have only received Student Services. We sent the request the first week of February because that's when we receive the request from District. Though we try to give as much



time to the operating units as possible, we typically don't get them back till the last week t they're due.

O. Shewfelt – That's really bad, we need to do better. The second part of this is the program review, which is a completely different look at the budget. It's not the operational budget, it's not the fixed costs. It's the discretionary budget. This should be one of the budget flow charts. People need to understand the difference between the two, between I have to pay my rent every month – I have no option there – and I want to take you out to dinner at a nice place. Some people misunderstand this differentiation and think they must put all their operational budget in the program review, which is completely different from what I understand this process should be. This flow chart needs to be very clear. **When is the program review, the aspirational budget due?**

P. Quinones - The updates, new goals, planned actions and any relevant resource requests are due March 22nd. Hopefully that'll give the validating managers about two weeks to approve those plans and then maybe another two weeks to hand out the list of resources because then we have to prioritize them.

O. Shewfelt – **So, the final review of our discretionary budget fund is when?**

P. Quinones - I'm hoping to schedule the prioritization retreat – where we look at the list of all the resource requests and try to rank them –for April 26th, which is a Friday.

I. Ingram - The prioritization timeline hasn't changed much, it's usually about late April. After that, we go into the actual allocation process. Depending on when we get information from the District and how they format the intended budget, which doesn't come out until mid-May or June, we won't have a clear picture of what the resources are going to be. We probably won't know our final allocation until fall. Because again, that's when the adopted budget comes in and that's when the district, and the state, finally tell us how much money we can expect to operate on for the year. You should plan on your current allocation plus COLA because that's the only thing that I can guarantee.

V. Swaminathan - I have a question that's more of a recap of our last meeting. Faculty don't quite understand what's going on with budget. There's fixed costs and program review demands. **My understanding from last time was, we have to pay out these costs but we're not always guaranteed what's coming in and maybe you don't get paid what's supposed to come in until the following year, maybe even two years?**

I. Ingram - Well, it depends on what you're talking about. We can try to simplify the budget process but it's not a simple process.

V. Swaminathan - **The question many people have is, where do the filming and rental revenues go?**

I. Ingram - It goes into the same pot that all the other money goes into, the general fund. The unrestricted, general fund that helps pay the bills of the campus.

O. Shewfelt - **That's a good general answer but I'd like to know how much we spent on the 50th anniversary celebration?** It's important to know those numbers and where that money came from? If it came from the foundation or from 10100?



V. Swaminathan –I wasn't quite finished with my question. The chart from our last meeting was a mixed bag of the grants and 10100 and it was hard to separate and see what was what. At the end of the day we have our expenses and we have 10100. **Does 10100 cover our expenses?**

I. Ingram - No.

V. Swaminathan – **Are we spending beyond what we should be?**

I. Ingram – Yes, depending on the way you would define it. We have what is known as a structural deficit. 10100, which is the unrestricted general fund, does not cover all of the expenses of the college. We offset some of those other expenses with categorical funding, special funds, (e.g. equity, strong workforce, SSSP), college dedicated revenue (e.g. filming permits, civic center rentals), the bookstore profits, and the licensing fee from the café. Those are considered unrestricted revenue and we use all those funds to pay for eligible expenses depending on the source of the revenue.

V. Swaminathan – **So, 10100 is not enough to pay expenses so we offset that with grant money?**

I. Ingram - Yes, grant money comes under specially funded programs (SFPs). But grant money, like SFPs, can only be used for specific types of expenses. For expenses that are not eligible for that type of funding, we look to general fund.

V. Swaminathan - **If you add together 10100 and all the extra revenues, then where are we? What was the excess we ended last year with?**

I. Ingram - We ended last year with a fund balance of a little over a million dollars. And the year before it was much higher, it was over three million dollars. But that's after we've paid everything and I've managed to offset as many expenses as I can against special funds and categorical funds. The fund balance is the general fund. That's what I'm looking at - the general unrestricted fund. Because fund balances in categorical funding and special funding don't do us any good because they have to be returned. We get to keep 10100 fund balances.

O. Shewfelt - And we get to spend it too. That should be a part of our discretionary fund.

V. Swaminathan – **So, roughly with all of that, we're in the plus? So the deficit means it's a long term thing, if this isn't fixed we'll have a problem?**

I. Ingram - Right now, we end the year with a small surplus. Structural deficit means spending out of one source exceeds the revenue from that source. Moreover, if the additional revenue goes away, which it could, because it fluctuates, you have a problem. That's why it's structural – it is designed to be within a certain limit. When it exceeds that limit without a counter balancing revenue, then you could have a problem. Thus far, we've had those other revenues but they're not guaranteed.

D. Morrissette - **I'd like some clarification, are the bills intended to be paid from program fund 10100?**

I. Ingram - Not all bills are paid out of 10100. It depends on what type of expense it is vs. what the funding is. We match up eligible expenses against particular funds. Only certain types of expenses can be charged against grant funding and categorical funding. Other expenses are charged against general unrestricted funds. We use the term "all money ain't green". It means the greenest money, the best money, is unrestricted general fund because you can use it for anything. But that's also the money that's in least supply.



V. Swaminathan - We have a bunch of fixed costs. Is it possible that our 10100 is going to decrease with the new funding formula?

I. Ingram – Yes, the unrestricted general fund has been going down steadily for the last ten to fifteen years. With the new SCFF it may decrease even more because we're not getting funded strictly on FTES. For the current year, we are only being funded for 70% of our FTES. The other 30% is split between the equity metrics and the performance metrics, even though it's all 10100 money. If you don't meet those metrics, you don't get the money. Next year it'll go to 65%, i.e. 65% of our 10100 allocation will be based on FTES and the remainder on equity and performance. But in general that money has been going down. The converse is, if we meet all those metrics and then some, we could receive more money. It's a double-sided coin; if we don't meet the metrics we're definitely going to receive less. But if we do meet the metrics and/or exceed them, we could receive considerably more. The swing could be as much as \$50 to \$60 million in a single year, depending on what the metrics are and how well we met and/or exceed them.

Minutes Discussion

O. Shewfelt – In the minutes from November 29th, my request to have the full budget, including SFPs and categorical funds, is not recorded. I requested to have data going back to 2009, because that's when we had the last recession. I want to see both 10100 income and income from the other funds.

I. Ingram - The charts provided at our last meeting went back ten years showing the allocations for 10100 versus the expenses of the college.

O. Shewfelt - I would like to go on the record for my questions. People can request not to be on the minutes but it's good to record names - it shows participation. I'd like to see data about where grants and other entrepreneurial efforts were leveraged against other expenses. I would like to have who gave the answers reflected by name as well.

I. Ingram – We'll add the names back in.

Motion (Ingram/Morrisette) Motion to approve the November 29, 2018 minutes as amended.
(Approved unanimously at 4:16 P.M.)

Recycling Discussion

V. Swaminathan - Do we recycle? The custodians are putting all the trash into the same bins. I asked them and even called down to plant facilities and they said we don't recycle anymore.

I. Ingram - We don't have a formal recycling program like we did in the past. We used to be in a program with the city, but it changed its refuse hauling contract. The company we contract with now, does some sorting and recycling but again, it's not to the same extent that we did before. We don't have the staff to do it and recycling in general has become far more labor intensive and therefore more expensive because the markets that used to take those goods no longer take them. Most of that used to go to China but they don't take the material anymore.

V. Swaminathan - At our house we have a recycling bin and someone takes the recycling. Is the city or anyone taking the recycling? Or we have to contract with someone and pay them to take it?

I. Ingram - The way it works for institutions is very different from how it works for residential areas. For institutions, we have a contract based upon our location, and we have a limited number of waste haulers that we contract with through the district. Each hauler has their own version of a



recycling program and most of them do not do the real labor-intensive separation of recycled goods like they used to because the market isn't there.

V. Swaminathan - And we pay for that?

I. Ingram - Yes, and it's very expensive.

C. Daniels - A lot of the home recycling actually goes to a landfill. Companies will perform an analysis and if it costs them more to recycle than the money they're going to get from it, they don't recycle. It's just the accounting of it. It's even happening with electronics.

V. Swaminathan We should be able to recycle our own paper.

I. Ingram - I don't disagree but that requires some sort of regional policy that's above my pay grade.

Food Insecurity Fund Discussion

O. Shewfelt - How much did we receive of the one million dollars that was distributed among the nine colleges for food insecurity?

I. Ingram - Just under \$100 K. It was broken up into different categories. It was for both food insecurity and homelessness. That money came to West and the other eight campuses in the form of a special fund that was used to pay for expenses such as refurbishing and managing the food pantry and West wardrobe. The money is still sitting in the fund. There are some expenses that have been charged against it but it's still there.

O. Shewfelt - I would like to name that fund "food insecurity" or "emergency services for students".

I. Ingram - District gave us the fund name.

O. Shewfelt - We need to know exactly what it's called and how much it is because, I would imagine, as we expand the program there will be more expenses. I'd like to see that as a separate line item so I can track it.

I. Ingram - It's in two different pots and split over three different years but I think the total is about \$87K. It is also for the Dream Center though I'm not sure exactly how much of it is Dream vs. pantry vs. wardrobe because I get one statement. We also charge some salary expense for the person in the Dream Center against it. The renovation costs of the food pantry, fees we have to pay to the Westside Food Center for food delivery, shelving and exterminating costs for the pantry, as well as the wardrobe shelving were all charged against the appropriate fund in that grouping.

O. Shewfelt - I'd like to see a report as to how this was spent. I'd like to keep an eye on what was purchased.

6. Next meeting: March 14, 2019

7. Adjournment - The meeting was adjourned at 4:36 P.M.