



Board of Trustees

Los Angeles Community College District

Agenda

**LOS ANGELES COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
BUDGET & FINANCE COMMITTEE
Educational Services Center
Board Room
770 Wilshire Boulevard
Los Angeles, CA 90017
Wednesday, May 23, 2018
5:00 p.m. – 6:00 p.m.**

Committee Members
Andra Hoffman, Chair
Ernest H. Moreno, Vice Chair
Vacant, Member
Mike Fong, Board Alternate
Robert B. Miller, Staff Liaison
Jeanette L. Gordon, Staff Liaison
Kathleen F. Burke, College President Liaison
James M. Limbaugh, College President Liaison Alternate

Agenda

(Items may be taken out of order)

I. Roll Call

II. Public Speakers*

III. Reports/Recommendations/Action

- A. Annual Financial Audit KPMG/Vasquez
- B. May Revise/New Funding Model
- C. Third Quarter Financial Report/Year-end Balance Projection
- D. 2018-2019 Tentative Budget
- E. Enrollment Update
- F. HR Assessment Update
- G. SAP Access

IV. Future Discussion/Agenda Items

V. Future Budget and Finance Meeting Dates

- June 20, 2018

VI. New Business

VII. Adjourn

*Members of the public are allotted three minutes time to address the agenda issues.

If requested, the agenda shall be made available in appropriate alternate formats to persons with a disability, as required by Section 202 of the American with Disabilities Act of 1990 (42 U.S.C. Section 12132), and the rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, for whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting. To make such a request, please contact the Executive Secretary to the Board of Trustees at 213/891-2044 no later than 12 p.m. (noon) on the Tuesday prior to the Committee meeting.

Budget & Finance Committee Meeting

May 23, 2018

A. Annual Financial Audit KPMG/Vasquez

Budget & Finance Committee Meeting

May 23, 2018

B. May Revise/New Funding Model

**Los Angeles Community College District
2018-19 Budget Projection Additions/(Deletions)
May 11, 2018**

General Fund	Description	Final Signed Budget 2017-18		Governor's January Proposal 2018-19		Governor's May Revise 2018-19		Jan vs May Change to LACCD
		System	LACCD	System	LACCD	System	LACCD	
	Increased Access (1% in FY2018-19; 1.0% in FY2017-18) ^[4]	57,800,000	5,500,000	60,000,000	5,800,000	60,000,000	5,800,000	-
	COLA (2.71% in FY2018-19; 1.56% in FY2017-18)	97,600,000	9,200,000	161,200,000	15,500,000	173,100,000	16,400,000	900,000
	Funding Formula Transition ^[1] (Base augmentation in 2017-18)	183,600,000	16,400,000	175,000,000	?	279,000,000	?	-
	Apprenticeship	-	-	18,000,000	166,000	22,800,000	210,000	44,000
	Total Ongoing Base Increase	339,000,000	31,100,000	414,200,000	21,466,000	534,900,000	22,410,000	944,000
	Categorical/Restricted							
	COLA for EOPS, DSPS, CALWorks, Child Care tax bailout ^[2]	5,700,000	500,000	7,300,000	700,000	8,059,000	800,000	100,000
	Guided Pathways ^[3]	150,000,000	12,800,000	-	-	-	-	-
	Certified Nursing Assistant ^[1]	-	-	2,000,000	?	2,000,000	?	-
	Proposition 39	38,900,000	3,700,000	-	-	-	-	-
	Adult Ed Data Sharing	-	-	5,000,000	-	5,000,000	-	-
	Adult Ed - COLA	-	-	20,500,000	196,000	21,500,000	211,000	15,000
	Scheduled Main/Instructional Equipment	76,900,000	7,300,000	275,000,000	26,400,000	143,500,000	13,800,000	(12,600,000)
	CCCCO System Office	-	-	2,000,000	-	2,000,000	-	-
	Innovation Awards (grant based)	20,000,000	?	20,000,000	?	20,000,000	?	-
	Online Education Initiative - system office	10,000,000	-	120,000,000	-	120,000,000	-	-
	College Promise ^{[1][2]}	-	-	46,000,000	4,400,000	46,000,000	4,400,000	-
	Integrated Library System - system office	6,000,000	-	-	-	-	-	-
	Total Categorical/Restricted	307,500,000	24,300,000	497,800,000	31,696,000	368,059,000	19,211,000	(12,485,000)
	Other/one time							
	Cal Grant B (to Students)	-	-	32,900,000	-	40,700,000	-	-
	Apprenticeship (one-time)	-	-	30,600,000	282,000	36,500,000	336,000	54,000
	Open Educational Resources	-	-	-	-	6,000,000	?	-
	Course Identification Numbering	-	-	-	-	685,000	?	-
	Next Up (CAYFES)	-	-	-	-	5,000,000	?	-
	New Financial Aid System - system office	-	-	63,500,000	282,000	18,500,000	-	-
	Total Other/One Time	-	-	63,500,000	282,000	40,700,000	-	-
	Grand Total	646,500,000	55,400,000	975,500,000	53,444,000	943,659,000	41,621,000	(11,541,000)

^[1] Subject to change; pending information from State Chancellor's Office.

^[2] Projected amount is based on the proportional share of LACCD FTES to the State system, currently 9.6%.

^[3] LACCD projected amount based on FTES share; could be grant based.

^[4] Currently 1 % growth is not likely for LACCD and is not included on 5 year forecasts.

**California Community College
New Funding Model
2018-2019**

Issue	Governor's January Budget Proposal	Governor's May Revise
Formula Construction	Base Grant, Supplemental Grant, Student Success Incentive Grant	same
	50-25-25 split	60-20-20 split
Funding Available to Implement Formula	\$175 million	Non-Credit FTES continues to be funded at 100% Additional \$104 million for a total of \$279 million.
Implementation Timeline ("Hold Harmless")	1 year: 2018-19	2 years: 2018-19 (increased by COLA) and 2019-20
Calculation of Base Grant	FTES and Basic Allocation same as current model	Three year FTES average and Basic Allocation
	ends practice of summer shift	same
Calculation of Supplemental Grant (Equity Allocation)	Additional funding using a cohort measure of low-income students as measured by Pell and College Promise Grants	ends enrollment stability funding Measure of total number of low-income students; adds AB 540 students to Pell and College Promise grant students
Calculation of Student Success Incentive Grant (Student Success Allocation)	Additional Resources based on three defined outcomes	Includes more broadly-defined set of outcomes
Funding for Interventions	Authorizes Chancellor to direct a District to use up to 3% for assistance	Authorizes Chancellor to direct a District to use up to 1% for assistance
Future Changes to the Formula	Authorizes the Board of Governors to amend formula	same

Budget & Finance Committee Meeting

May 23, 2018

C. Third Quarter Financial Report/Year-end Balance Projection



LOS ANGELES COMMUNITY COLLEGE DISTRICT

2017-18 Third Quarter Financial Status Report

Budget and Finance Committee May 23, 2018

Projected Ending Balance

Projected Revenue	\$679.1 million
Projected Expenditures	<u>\$681.3 million</u>
Projected Revenue vs Expenditures	\$- 2.2 million
Balances Carried Forward for 2016-17	\$113.0 million
Adjustment to Beg Bal	<u>\$- 3.4 million</u>
Projected Ending Balance	\$ 107.4 million
Percent of Projected Expenditures	15.8%

Projected Reserves

General Reserve (6.5%)	42,576,661
Contingency Reserve (3.5%)	22,925,894
Deferred Maintenance	0
Balances/Open Orders	14,976,383
STRS/PERS Reserve	<u>26,900,000</u>
Total Projected Reserves as of June 30, 2018	107,378,938

Budget & Finance Committee Meeting

May 23, 2018

D. 2018-2019 Tentative Budget

Los Angeles Community College District
Budget and Finance Committee

2018-2019
Proposed Tentative Budget

May 23, 2018

Impact on LACCD Based on Governor's May

Revise

New State Funding Formula:

- District "held harmless" to 2017-18 State Apportionment

Unrestricted General Fund (for General Operations):

- \$16.4 million (2.71%) COLA
- Funded Growth Revenue (1%) \$5.8 million (not distributed to colleges until earned)

Restricted General Fund:

- \$1 million (2.71%) COLA for EOPS, DSPS, CALWorks, Child Care tax bailout, Adult Ed
- \$13.8 million in Scheduled Maintenance & Instructional Equip

Budget Planning Assumptions

- Based on Governor's May Revise
- Revenue Assumptions:
 - Hold Harmless State Apportionment of \$604.8 million
 - COLA of \$16.4 million
 - Funded Enrollment Growth – 1% (\$5.8 million, not distributed to Colleges until earned)
 - Maintain a 6.5% General Reserve and a 3.5% Contingency Reserve
 - No distribution of the projected balances until year end

2018-19 Allocation Assumptions

- Total General Fund Unrestricted Budget Allocations – \$781 million
- \$78.2 million of the EPA fund distribution and \$16.4 million in COLA
- College Allocations - \$531.8 million
- Centralized Services Accounts are budgeted at \$79.7 million
- Educational Services Center (\$28.1 million) and Information Technology (\$11.6 million) Allocations
- Contingency Reserve (3.5%) - \$23.6 million
- General Reserve (6.5%) - \$43.8 million
- Deferred Maintenance Reserve (2.0%) - \$13.5 million
- STRS/PERS Reserve - \$19.4 million
- Projected location ending balance = \$15.0 million. No distribution of the projected balances until year end

Budget & Finance Committee Meeting

May 23, 2018

E. Enrollment Update



**Enrollment Update
Budget and Finance Committee
May 23, 2018**

1. Summer 2018 Districtwide Credit Enrollment Comparison (Exhibit A)

As of **Day -27** of the Summer semester, comparing Summer 2018 (5/15/18) to Summer 2017 (5/16/18):

- **Headcount** is 4% lower,
- **Duplicated Enrollment** is 6% lower,
- **Credit Section Count** is 5% lower, and
- **Enrollment per Section** is 1% lower.

An updated report for Summer 2018 will be provided.

2. Update on State Funding Formula

SUMMER 2018: Credit Enrollment Comparison

Census day for most classes: 6/14 and 6/17-19 for Summer 1 and 7/19 for Summer 2

Day

-27

Day relative to beginning of instruction

Tuesday, May 15, 2018

Tuesday, May 16, 2017

HEADCOUNT	City	East	Harbor	Mission	Pierce	Southwest	Trade	Valley	West	ITV	Total
Summer 2018	3,791	7,666	1,939	2,131	5,480	1,588	2,818	4,456	3,355	148	33,372
Summer 2017	3,910	9,068	1,925	1,936	5,739	1,770	2,967	3,987	3,363	191	34,856
2018 % of 2017	97%	85%	101%	110%	95%	90%	95%	112%	100%	77%	96%

ENROLLMENT	City	East	Harbor	Mission	Pierce	Southwest	Trade	Valley	West	ITV	Total
Summer 2018	5,270	11,242	2,564	2,820	8,093	2,554	3,906	6,193	4,805	162	47,609
Summer 2017	5,679	13,276	2,630	2,604	8,571	2,768	4,172	5,754	4,979	206	50,639
2018 % of 2017	93%	85%	97%	108%	94%	92%	94%	108%	97%	79%	94%

SECTION COUNT	City	East	Harbor	Mission	Pierce	Southwest	Trade	Valley	West	ITV	Total
Summer 2018	279	593	101	152	394	102	365	298	256	40	2,580
Summer 2017	295	702	119	133	395	140	332	323	268	10	2,717
2018 % of 2017	95%	84%	85%	114%	100%	73%	110%	92%	96%	400%	95%

Enrollment divided by Section	City	East	Harbor	Mission	Pierce	Southwest	Trade	Valley	West	ITV	Total
Summer 2018	18.9	19.0	25.4	18.6	20.5	25.0	10.7	20.8	18.8	4.1	18.5
Summer 2017	19.3	18.9	22.1	19.6	21.7	19.8	12.6	17.8	18.6	20.6	18.6
2018 % of 2017	98%	100%	115%	95%	95%	127%	85%	117%	101%	20%	99%

Source: LACCD Student Information System, PS_CLASS_TBL, PS_STDNT_ENRL tables.

*Enrollment and Section count: Includes Credit PA, WSCH, DSCH, Ind Study, and Work Exp. Excludes Non-Credit Adult Ed and Non-Credit Tutoring. 2017 Section count reflects the information as of the end of the term (instead of the relative day listed above).

Budget & Finance Committee Meeting

May 23, 2018

F. HR Assessment Update

Budget & Finance Committee Meeting

May 23, 2018

G. SAP Access