



# 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, January 23, 2019

4:30 PM – 5:45 PM

Committee Members

Andra Hoffman, Chair

Ernest H. Moreno, Vice Chair

David Vela, Member

Scott J. Svonkin, Board Alternate

Robert B. Miller, Staff Liaison

Jeanette L. Gordon, Staff Liaison

Monte E. Perez, College President Liaison

Seher Awan, College President Liaison Alternate

### Agenda

(Items may be taken out of order)

I. ROLL CALL

II. FLAG SALUTE

III. PUBLIC SPEAKERS\*

IV. RECOMMENDATION ITEMS

V. INFORMATION ITEMS

- A. 2019-2020 Governor's Budget Updates
- B. 2018-2019 First Quarter Financial Status by Location
- C. Enrollment Update
- D. SCFF Budget Allocation Model Update
- E. HR Assessment Update

VI. FUTURE DISCUSSION/AGENDA ITEMS

VII. FUTURE MEETING DATES

- February 20, 2019

VIII. ADJOURNMENT

\*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.



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- A. 2019-2020 Governor's Budget Updates

January 10, 2019

## **California Community College League Review of the Governor's Proposed 2019-20 State Budget**

In his first budget, Governor Gavin Newsom identified three investment themes: an effective government, promoting affordability and opportunity, and supporting just and dignified treatment for all Californians. The 2019-20 Governor's Budget embraces and builds upon California Community Colleges' efforts to create a skilled and educated workforce through responsive educational programs, and quality, affordable transfer education for all Californians.

**For California Community Colleges, the Governor makes four notable expenditures in the 2019-20 Budget:**

- 1) A second year of free tuition to first-time full-time students and other local College Promise strategies,**
- 2) Increased award amounts and expansion of Cal Grant programs,**
- 3) A buy-down of K-14 PERS and STRS rate increases, and**
- 4) Ongoing increases to funding formula rates.**

**The proposal includes a cost-of-living adjustment (COLA) of 3.46% and resources to support formula rate increases. Flexible resources are critical as they enable colleges to address increased operating costs and offer quality programs to all students.**

**The Governor's Budget proposes an allocation of \$40 million for local College Promise programs, which includes resources to fund a second year of free tuition to first-time full-time students with incomes above the California College Promise Grant thresholds. The program provides districts with the flexibility to implement strategies to build a local college-going culture and cover students' essential non-tuition costs.**

### **Economic Context:**

Governor Newsom's first budget is presented as an approach to build resiliency in the state budget. During his press conference, Newsom emphasized that even a moderate recession could result in significant revenue declines, noting that a one-year recession similar to the dot-com bust could result in a \$40 billion budget deficit over three years. While the state is on pace to build a Rainy Day Fund of \$19.4 billion by 2022-23, the January budget proposal is designed in anticipation of increasing costs to address natural disasters, a mild recession, inadequately funded pension obligations, and uncertainty about federally-funded programs.

### **Proposition 98 and Community Colleges:**

The 2019-20 Budget proposal is comprised of 53% educational investments, K-12 through higher education. In an effort to keep campaign promises, Governor Newsom's aligns investments to his "cradle-to-career" framework. The Proposition 98 guarantee grows by \$2.8 billion, bringing the total Proposition 98 K-14 guarantee for 2019-20 to a total of \$80.7 billion. **For community colleges, the Governor's 2019-20 proposal includes approximately \$402 million in Proposition 98 resources. Importantly, Governor Newsom honors the statutory split of 10.93% for community colleges.**

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The League, in collaboration with the Association of Chief Business Officials, the Association of California Community College Administrators, and the Chancellor's Office, have crafted a technical joint analysis of the Governor's Budget. Its purpose is to provide factual information about the Governor's budget proposal as a common starting point for each organization's further analyses and advocacy efforts. Over the next several months, updated analyses will describe the proposed budget in greater detail, the proposed trailer bills, the Governor's May Revision, and the enacted budget.

The Joint Analysis of the State Budget is available [here](#).

#### **Distinctive Elements of the 2019-20 Budget:**

**Funding Formula** – The Governor's Budget acknowledges the importance of supporting an effective transition to the new Student-Centered Funding Formula. The Governor proposes \$246 million to fund the formula rate increases and an analysis of utilized data. **Specifically, funding rates for 2019-20 would mirror the 2018-19 rates plus a COLA. In 2019-20, a district would still receive the greater amount of the following calculations: (1) the amount calculated pursuant to the Student-Centered Funding Formula for 2019-20, (2) the amount calculated pursuant to the Student-Centered Funding Formula for 2018-19, or (3) the amount the district received in 2017-18, adjusted by the COLAs in 2018-19 and 2019-20.**

**Cal Grants and Financial Aid** – Currently, the Cal Grant program distributes less than 10% of Cal Grant resources to California community college students despite the fact that our students comprise two-thirds of the higher education population. The proposal makes an important investment in the Cal Grant program that will benefit the diverse needs of our students. **The 2019-20 budget proposes \$121.6 million to increase or provide new access awards for students with dependent children attending a public higher education institution. The Cal Grant A access award is increased to \$6,000, the Cal Grant B award is increased from \$1,648 to \$6,000, and the Cal Grant C award is increased from \$1,094 to \$4,000.**

**Pension Liabilities** – **The Budget proposal includes a unique one-time \$3 billion pay down of the state's share of unfunded liabilities within CalSTRS. In practice, this action lowers districts' employer contribution rates in 2019-20 and 2020-21.** The League is appreciative of the Governor's recognition that these increasing costs restrict our capacity to provide services intended for student success.

#### **Areas for Further Advocacy:**

The League has identified limitations and necessary advocacy concerning the 2019-20 budget proposal: the absence of several shovel-ready and Board of Governors' approved capital projects, and the absence of deferred maintenance and instructional equipment resources among the most notable.

**Bond and Capital Outlay** – In 2016, California voters approved a facilities bond providing a \$2 billion infrastructure investment in California's community colleges. The proposed budget funds 27 capital outlay projects, 15 continuing and 12 new projects. This represents a significant improvement from the low numbers of projects released in prior years. Unfortunately, this practice fails to acknowledge voter approval of Proposition 51 and our sector's extensive \$42 billion dollar facilities need over the next 10

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years. State and local engagement is essential to demonstrate the value and importance of funding all approved college facilities projects.

### **New Projects**

#### **Los Angeles City College -- Theater Arts Replacement**

**Deferred Maintenance and Instructional Equipment** – The Governor’s Budget **does not include** an allocation for deferred maintenance and instructional equipment dollars. This will add pressure to community colleges' infrastructure and equipment needs to support effective learning environments.

Other Notable Investments:

**Legal Services** – The Governor’s Budget includes \$10 million in Proposition 98 resources to provide legal services to undocumented and immigrant students, faculty, and staff on CCC campuses.

**Early Childhood Education** – The Budget proposes \$750 million one-time non-Proposition 98 General Fund dollars to fund activities that reduce barriers to providing full-day kindergarten. Upon the release of the Budget Trailer Bill Language, the League will analyze the impacts on California Community College early childhood education programs and child development centers.

The Governor’s full budget summary is available [here](#).

We look forward to working with Governor Newsom, members of Legislature, legislative staff, and representatives from the Department of Finance in the weeks ahead to support a budget that strengthens California’s community colleges and the 2.2 million students it serves.

In the next week, the League will forward an email analysis from Lizette Navarette with more details on specific proposals. You can also follow budget updates on the League's Advocacy Center, attend the budget discussion at the 2019 Legislative Conference, January 27-28 in Sacramento.

**Los Angeles Community College District  
2019-20 Budget Projection Additions/(Deletions)  
January 11, 2019**

General Fund	Description	Final Signed Budget 2018-19		Governor's January Proposal 2019-20	
		System	LACCD	System	LACCD
	Increased Access (.55% in FY2019-20; 1% in FY2018-19) <sup>[1]</sup>	60,000,000	5,800,000	26,000,000	2,400,000
	COLA (3.46% in FY2019-20; 2.71% in FY2018-19) <sup>[1]</sup>	173,100,000	16,400,000	248,300,000	22,600,000
	Funding Formula Transition	269,000,000	?	-	-
	Apprenticeship	-	-	-	-
	Full Time Faculty Funding	50,000,000	4,800,000	-	-
	<b>Total Ongoing Base Increase</b>	<b>552,100,000</b>	<b>27,000,000</b>	<b>274,300,000</b>	<b>25,000,000</b>
	<b>Categorical/Restricted</b>				
	COLA for EOPS, DSPS, CALWorks, Child Care tax bailout <sup>[1]</sup>	8,059,000	800,000	13,500,000	1,200,000
	Guided Pathways	-	-	-	-
	Certified Nursing Assistant	2,000,000	-	-	-
	Proposition 39	-	-	-	-
	Adult Ed Data Sharing	5,000,000	-	-	-
	Adult Ed - COLA	22,500,000	211,000	-	-
	Scheduled Main/Instructional Equipment	28,500,000	2,700,000	-	-
	CCCCO System Office	2,000,000	-	5,500,000	-
	Innovation Awards (grant based)	-	-	-	-
	Online Education Initiative - system office	120,000,000	-	-	-
	College Promise <sup>[1]</sup> <sup>[2]</sup>	46,000,000	4,400,000	40,000,000	3,600,000
	<b>Total Categorical/Restricted</b>	<b>234,059,000</b>	<b>8,111,000</b>	<b>59,000,000</b>	<b>4,800,000</b>
	<b>Other/one time</b>				
	Cal Grant B ( to Students)	40,700,000	-	-	-
	Apprenticeship (one-time)	36,500,000	336,000	-	-
	Open Educational Resources	6,000,000	-	-	-
	Course Identification Numbering	685,000	-	-	-
	Next Up (CAYFES)	5,000,000	-	-	-
	New Financial Aid System - system office	18,500,000	-	-	-
	P Tech	10,000,000	-	-	-
	Re-entry for formerly incarcerated	5,000,000	-	-	-
	Career Readiness for Refugees	5,000,000	-	-	-
	Online Education Initiative	35,000,000	-	-	-
	Part Time Faculty Office Hours <sup>[2]</sup>	50,000,000	4,800,000	-	-
	Legal Services for Undocumented	10,000,000	-	10,000,000	-
	Mental Health Services <sup>[2]</sup>	10,000,000	1,000,000	-	-
	Hunger Free Campuses <sup>[2]</sup>	10,000,000	1,000,000	-	-
	Veterans Resource Center <sup>[2]</sup>	8,500,000	800,000	10,000,000	-
	<b>Total Other/One Time</b>	<b>250,885,000</b>	<b>7,936,000</b>	<b>10,000,000</b>	<b>-</b>
	<b>Grand Total</b>	<b>1,037,044,000</b>	<b>43,047,000</b>	<b>343,300,000</b>	<b>29,800,000</b>

<sup>[1]</sup> Projected amount is based on the proportional share of LACCD Total Computational Revenue to the State system, currently 9.1%.  
<sup>[2]</sup> Projected amount is based on the proportional share of LACCD FTES to the State system, 9.6% in FY2017-18.



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- B. 2018-2019 First Quarter Financial Status by Location



**Los Angeles Community College District**  
**2018-19 Current Budget Allocation and Projected Expenditures**  
**Unrestricted General Fund**  
**As of September 30, 2018**

College	Current Budget	Projected Expenditure as of June 30, 2019	Additional College Revenues	Other Savings	Other Adjustment	Revised Total Budget with College Augmentation	Projected Balance
	a	b	c	d	e	f = a + c + d + e	h = g - c
City	64,223,054	64,181,279	0	0	0	64,223,054	41,775
East	123,978,279	122,043,768	0	0	0	123,978,279	1,934,511
Harbor	36,748,014	36,748,014	0	0	0	36,748,014	0
Mission	35,758,453	36,748,014	0	0	0	35,758,453	(989,561)
Pierce	77,301,514	80,908,923	0	0	0	77,301,514	(3,607,409)
Southwest	31,320,520	32,859,570	0	0	0	31,320,520	(1,539,050)
Trade-Tech	69,806,170	69,767,065	0	0	0	69,806,170	39,105
Valley	67,944,482	66,106,017	0	0	0	67,944,482	1,838,465
West	44,952,980	45,816,027	0	0	0	44,952,980	(863,047)
ITV	1,587,153	1,504,869	0	0	0	1,587,153	82,284
ESC	42,489,315	43,471,760	0	0	0	42,489,315	(982,445)
<b>Total</b>	<b>596,109,934</b>	<b>600,155,306</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>596,109,934</b>	<b>(4,045,372)</b>



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### C. Enrollment Updates



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D. SCFF Budget Allocation Model Update

## Los Angeles Community College District

### LACCD Allocation Model Development Timeline

Date	Topic of Discussion
7/17/18	Review Student Centered Funding Formula
7/31/18	Continued Review Student Centered Funding Formula
9/25/18	Review LACCD data metrics  <b><i>Deliverable - develop timeline and approach</i></b>
10/30/18	Review Current Model - What worked, What didn't  Review other District Models; Visions for LACCD
11/27/18	Review LACCD data metrics in new formula
1/8/19	ESC & Districtwide  College Minimum Base  <b><i>Deliverable- determine Allocation Model Scenarios</i></b>
1/29/19 *	Allocation Model Simulations  Transition Period  Enrollment or Other Metric declines
2/26/19	College Debt
3/26/19	STRS/PERS, OPEB Reserves  College, ESC and Districtwide Ending balances
4/23/19	<b><i>Deliverable - Final Budget Allocation Document</i></b>
5/8/19	<b><i>Deliverable - Presentation to DBC</i></b>

\* Extended meeting, 10am - 4pm

*Timeline assumes no additional agenda items directed from DBC.*



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E. HR Assessment Update