FINAL

BUDGET

2015-2016

Office of the Chancellor
September 2015

Los Angeles Community College District
September 2, 2015

The Honorable Members of the Board of Trustees  
Los Angeles Community College District

In accordance with Section 58305(c) of Title 5, California Code of Regulations, presented herein is the District's 2015-2016 Final Budget for your consideration and approval.

The Final Budget is developed based on the Budget Allocation Model, as amended by the Board of Trustees on June 13, 2012, and through consultation with the Chancellor's Cabinet and the District Budget Committee. The development of the District Budget has been an evolving process beginning with the Governor's proposed State Budget in January 2015 and the State Budget Development through August 2015.

The District's budget reflects funding from the State adopted budget (AB93/SB97) signed by the Governor on June 24, 2015 of $115.4 billion, in which California Community Colleges received approximately $7.4 billion for General Fund under Proposition 98; including COLA of 1.02 percent, 3.0 percent funding for access (enrollment), an increase to base funding of $266 million and $632 million of state mandated cost reimbursements to pay down outstanding claims. It also includes the budget information submitted by the nine colleges and the Educational Services Center. Each college, through its shared governance process, sets its own budget priorities to meet its institutional goals and objectives.

The District’s budget for all funds is at $2.87 billion. This budget includes $1.61 billion of Proposition A, AA, and Measure J Bonds in the Building Fund.

The District's 2015-2016 Final Budget of $2.87 billion reflects the following major budgets:

- **Unrestricted General Fund revenue of $745.18 million**
- Restricted General Fund revenue of $184.40 million for categorical programs to support student services and other specially funded programs
- Bookstore Fund of $27.19 million
- Building Fund (Prop. A, AA, and Measure J Bonds) of $1.61 billion
- Cafeteria Fund of $2.36 million
- Child Development Centers Fund of $11.29 million
- Student Financial Aid Fund of $259.84 million
- Special Reserve Fund (State Funded Capital Outlay Projects) of $33.63 million
- Debt Services Fund of $5.32 million
The District budget contains 1.02 percent for COLA, 3.0 percent for regular enrollment growth, $94.5 million for the Education Protection Act of 2012 Fund (Proposition 30), a base allocation increase of $25.5 million and $57.67 million for mandated claim reimbursement. A proposal has been developed for the use of the one-time mandated reimbursement dollars that addresses the strategic goals of the District (see page 4). This proposal has gone through the District’s participatory governance process.

Overall the State economy continues to grow, and the adopted budget provides additional funding for access, COLA, categorical programs, block grants for physical plant and instructional support and pays off all community college cash deferrals. In addition, the State recognizes the pension cost increases that community colleges face in the future and provided an increase in base funding with the expectation that it is to help address these increased costs. Student Success and Student Equity continues to be a priority in the State and, as such, received increased funding for these purposes. These funds allow us to continue improving student services, increase access to students and help to ensure equal educational opportunities to promote student success for all students regardless of race, gender, age, disability, or economic circumstances.

For 2015-2016, we expect the District’s financial outlook will continue to be favorable with additional funding for access and student success. However, there are a few budgetary cautions and concerns that will require our attention; the termination of the temporary taxes revenues of Proposition 30, increase in STRS and PERS obligations in employer contribution costs; and mid-year shortfalls in property taxes and enrollment fees. The District continues to maintain a minimum 6.5% General Reserve and a 3.5% Contingency Reserve.

The District’s bond building projects and its Student Information System modernization will continue to improve our facilities and student information at all nine campuses with Propositions A, AA, and Measure J General Obligation Bonds and General Fund.

Your attention is directed to the Overview section of this document, which presents a more detailed discussion of the State’s fiscal environment, the District’s current revenue projections and planned expenditures.

Respectfully submitted,

Francisco C. Rodriguez, Ph.D.
Chancellor
EXECUTIVE SUMMARY

The following is a brief summary of the District's 2015-2016 Final Budget with reference to extended discussions in the body of the document.

- The 2015-2016 Final Budget for all funds is $2.87 billion distributed over eight funds - General Fund, Bookstore Fund, Cafeteria Fund, Child Development Fund, Special Reserve Fund (Capital Outlay Project Fund), Building Bond Fund, Student Financial Aid Fund, and Debt Services Fund (page 1).

- The 2015-2016 General Fund, consisting of restricted and unrestricted programs, is $929.58 million, and represents 32.4 percent of the total budget (pages 2-3).

- The Unrestricted General Fund budget, which supports the principal operations of the District, is $745.18 million and represents 26.0 percent of the Final Budget (pages 5-9).

- The level of Unrestricted General Funds available for appropriation, which consists of beginning balances, reserve for open orders, transfers and income (page 16).

1) The Beginning Balance of $76.15 million is $2.84 million more than the 2014-2015 Beginning Balance.

2) State General Revenue is projected to increase from 2014-2015, primarily because of the funding of the 1.02 percent ($5.28 million) cost-of-living adjustment (COLA), the anticipation of growth funds of 3.0 percent ($14.66 million), a base allocation increase of $25.55 million and the Education Protection (EPA) fund of $94.51 million. These have been distributed to colleges.

- 2015-2016 Unrestricted General Fund appropriations of $745.18 million are $126.56 million more than the 2014-2015 Final Budget (page 8). Appropriations for the nine colleges and ITV program are at $507.91 million, which are $62.30 million more than 2014-2015 Final Budget allocations for college locations.

- Appropriations in all Other Funds appear to be adequate to maintain planned levels of service (pages 97-116).