



**INTER-OFFICE CORRESPONDENCE
LOS ANGELES COMMUNITY COLLEGE DISTRICT
INTER-OFFICE CORRESPONDENCE**

TO: College Presidents
Vice Presidents
October 22, 2013

FROM: 
Jeanette L. Gordon
Chief Financial Officer/Treasurer

SUBJECT: Adopted District Financial Accountability Measures

For your information, enclosed is the District Financial Accountability Measures adopted by the Board of Trustees on October 9, 2013. These measures are put in place effective for fiscal year 2013-14.

We will be scheduling meetings during November with each college to review the college's First Quarterly Budget/Expenditures and FTES projections. The college's quarterly financial status reports will be provided to the Chancellor and presented to the Board Budget and Finance Committee at its meeting in December 2013.

If your college is projecting to end the year with a negative balance, please review carefully the attached financial accountability measures and prepare to address any projected budget shortfalls.

If you have any questions, please contact me at (213) 891-2090

Attachment

Cc: Chancellor
Senior Staff
Budget Staff



Board of Trustees

Los Angeles Community College District

ACTION

Com No. BF2

Division: BUSINESS AND FINANCE

Date: October 9, 2013

Subject: ADOPTION OF DISTRICT FINANCIAL ACCOUNTABILITY MEASURES

Adopt District Financial Accountability Measures as recommended by the Chancellor to ensure that the District and Colleges are operating within their resource allocations (as presented in **Exhibit I**).

Background: To ensure sound fiscal management and provide a process to monitor and evaluate the financial health of colleges within the District, the District had established the existing statement on Operating Standards and Measures for Monitoring and Assessment of College Fiscal Conditions. However, these operating standards and measures have not had effective accountability measures in place to ensure college financial stability.

In addition, the Accrediting Commission for California and Junior Colleges (ACCJC), in its 2013 Evaluation Report of Los Angeles Valley College, cited its concerns regarding the college's deficits and recommended that "the Chancellor and Board put accountability measures in place to ensure long-term fiscal stability and financial integrity of the College".

On September 10, 2013, the Executive Committee of the District Budget Committee (ECDBC) revised the Operating Standards and Measures for Monitoring and Assessment of College Fiscal Conditions to include additional standards (Items 6, 9, and 10) to strengthen the process of accountability. On September 18, 2013, the ECDBC recommended to the District Budget Committee (DBC) the proposed District Financial Accountability Measures. The DBC accepted the proposal and forwarded it to the Chancellor for consideration.

On September 25, 2013, the Chancellor presented the proposal to the Board's committee on Institutional Effectiveness and Student Success. The Committee reviewed and made additional revisions to the Accountability Measures. The proposal is scheduled for review and approval by the Budget and Finance Committee at its meeting of October 9, 2013. The Committee's recommendation is anticipated to be forwarded to the Board for approval on the same day.

Recommended and Approved by:

Adriana D. Barrera, Interim Chancellor

Chancellor and Secretary of the Board of Trustees

By: _____ Date _____

Eng _____	Santiago _____
Field _____	Svonkin _____
Moreno _____	Veres _____
Pearlman _____	Griggs _____
	Student Trustee Advisory Vote

DISTRICT FINANCIAL ACCOUNTABILITY MEASURES

(DBC Recommendation, September 18, 2013)

(Institutional Effectiveness Committee, September 25, 2013)

To ensure sound fiscal management and provide a process to monitor and evaluate the financial health of colleges within the District, the overall assessments of a college's financial condition will include, but not be limited to, the following operating standards:

1. College's budget shall be balanced in terms of funds available for appropriation throughout the fiscal year. Should funds available be reduced, corresponding expenditures are expected to also be reduced.
2. College shall be expected to develop its long-term enrollment plan to meet its education mission, and maintain enrollment data on all disciplines and instructional programs. The enrollment data shall include, but not be limited to, FTES, student headcount, teaching faculty productivity by discipline area, average class size, class sections offered, and cost per FTES.
3. College shall be expected to maintain position/assignment control on all personnel assignments, both academic and classified, to ensure that costs do not exceed budget.
4. College shall develop its annual college financial plan and provide to the Chancellor timely college budget and expenditure reports and/or fiscal analyses to assist in monitoring the financial health of the college.
5. At a minimum, the college shall provide to the Chancellor quarterly status reports on expenditures and on the college's overall fiscal status.
6. Each College President and the Deputy Chancellor shall be responsible to the Chancellor for the management of the college's and District Office's total budget. Budget management includes maintaining a balanced budget, as well as, the efficient and effective utilization of financial resources.
7. College is required to set aside 1% of its revenue as a college reserve. If a college's expenditures or projected expenditures exceed its revenue, college shall be required to submit a self-assessment and review to the Chancellor, and to develop a written action plan to satisfactorily address the identified fiscal concerns.

8. If the college ends the year in a deficit greater than 1% of its budget or \$500,000, whichever is less, it is required to:
 - Perform self-assessment and review.
 - Submit to the Executive Committee of the District Budget Committee a financial plan that addresses the college's financial health concerns consistent with the measurement criteria as indicated in Attachment I.
 - Participate in a quarterly review as requested by the Executive Committee of the District Budget Committee on the college's fiscal condition.

9. If a college has experienced three consecutive years of deficits, or a deficit of 3% or one million dollars, whichever is less, the college shall be required to submit a detailed recovery plan for achieving fiscal stability. The Chancellor shall evaluate the college's recovery plan and may recommend to the Board of Trustees that a special emergency response team be appointed to monitor and regulate the enrollment management and fiscal affairs of the college.

10. The Chancellor shall review the college's fiscal affairs and enrollment management practices as part of the College President's annual performance evaluation. The Chancellor must report to the Board of Trustees any significant deficiencies and take any corrective measures to resolve the deficiencies up to and including the possible reassignment or non-renewal of the college president's contract.

ATTACHMENT I

Measurement Criteria

1. Deficit Spending
 - Is the college deficit spending more than 1% of its revenue budget over multiple years?
 - Is the deficit spending addressed by ending balance, college reserve, or built-in growth revenue?
2. College's Overall Instructional Measures
 - Is teaching faculty productivity (FTES/FTEF) greater than or equal to 510?
 - Is average class size greater than or equal to 34?
 - Are costs per FTES by instruction, instructional services, student services, maintenance and operations, and other non-instructional support services greater than or equal to average costs among small or large colleges within the district and statewide average?
 - Are administrative costs per FTES greater than or equal to average costs among small or large colleges within the district and statewide average?
3. Full Time Faculty Hiring Obligation
 - What is the college's full-time and part-time ratio and obligation (excluding faculty over-base)?
4. College Expenditures and Staffing Trends Over the Last Five Years
 - Is percentage of budget allocated to salaries and benefits at or less than district-wide average?
 - Is the college using one-time funds to pay for permanent staff or other ongoing expenses?
 - Are faculty, administration, and classified staffing levels comparable with other colleges within the District?
 - How do expenditures by activity (instructional, instructional services, student services, and non-instructional activities) compare to other colleges in the district?
 - How do the release and reassigned FTEF and expenditures such as release times for bargaining unit and department chair non-instructional activities compare to other colleges in the district?
 - How do utilities and other non-salary operating expenditures by activity compare to other colleges in the district?
5. Enrollment Management
 - Does the college have a multi-year plan for enrollment growth and class sections offered? Does the college's plan address changes in the class offerings and the maintenance of instructional productivity (FTES/FTEF)? Has the enrollment been stable over the last five years?

- Are academic and classified staffing adjustments consistent with the enrollment decline?
- Does the college continuously analyze its enrollment trends and class offerings?

6. College's Overall Educational Program Evaluation

- Is a college's enrollment and fiscal plan consistent with its overall educational program mission?

ATTACHMENT II

Information to be Used to Perform the Assessment:

College's Self- Assessment and Review
Apportionment Attendance Report
Enrollment Projection
Instructional Measures (FTES/FTEF)
Average Class Size
FTES and Expenditures Ranking
College Quarterly Financial Status Report
Monthly Projection and College Financial Plan
Unrestricted General Fund by Activity
College Expenditure Trends Over Last Five Years
Full Time Faculty Hiring Obligation
Release Times and Reassigned Times
Other Available Information (Enrollment Data, Fiscal Data, Staffing Plan, etc...)

Other Suggested Criteria:

FTES per FTEF by discipline
Percentage of Weekly Faculty Contact Hours (WFCH) taught by full-time and part-time faculty
Cost per FTES for each program and compared with other colleges and districts
Adequate/Proper Reserve Level or Ending Balance
Cost reduction measures to preserve revenues and mitigate further potential deficits

Other Information

Deficit repayment schedule
Emergency loans for financial relief
Required actions to curtail and manage spending if certain conditions exist