

**Membership**

District Budget Committee

January 30, 2019

1:30 pm – 3:30 pm

Educational Services Center, Board Room

**Academic Senate**

Holly Bailey-Hofmann  
Lourdes Brent  
Angela Echeverri  
Jeff Hernandez\*  
Robert L Stewart Jr.  
Dan Wanner

**Faculty Guild**

Joseph Guerrieri  
Sandra Lee  
John McDowell  
Rodger Mc Guinness  
Olga Shewfelt  
Joanne Waddell

**Unions/Association**

Arif Ahmed  
Kathleen Becket  
Velma Butler  
Iris Ingram  
Paulina Palomino  
Vacant-Build& Const Trade

**College Presidents**

Seher Awan  
Lawrence Buckley\*\*  
Larry Frank  
Mary Gallagher  
Mike Lee\*\*  
Otto W. Lee  
James M. Limbaugh  
Marvin Martinez  
Monte Perez\*

**STUDENT TRUSTEE  
REPRESENTATIVE**

vacant

\* Co-chairs

\*\*Interim

1. Call to Order (*Jeff Hernandez*)
2. Approval of Agenda
3. Approval of Minutes for December 5, 2018
4. Chancellor's Remarks/Updates
5. ECDBC Reports and Recommendations
  - District Allocation Model
  - 2018-19 Projected Unbudgeted Apportionment
6. Enrollment Update (Cornner)
7. FON Update (Román)
8. 2019-20 Governor's Budget (Miller)
9. DBC Recommendations to the Chancellor
10. Items to Be Addressed by ECDBC
11. Other Business

*Future DBC Meetings: Feb 13, Mar 13, Apr 10, May 8, Jun 12*

*Future ECDBC Meetings: Feb 26, Mar 26, Apr 23, May 21, June 25*

Supporting Documents can be found at:

<http://lacc.edu/Departments/DistrictLevelGovernance/DBC/Pages/default.aspx>

# Los Angeles Community College District

## District Budget Committee Meeting Minutes

December 5, 2018

1:30-3:30 pm, Educational Services Center, Board Room

**Roll Call**    X Indicates Present

### Academic Senate

|                       |   |
|-----------------------|---|
| Holly Bailey-Hoffman  |   |
| Lourdes Brent         | X |
| Angela Echeverri      | X |
| Jeff Hernandez*       |   |
| Robert L. Stewart Jr. | X |
| Dan Wanner            | X |

### L.A. Faculty Guild

|                   |   |
|-------------------|---|
| Joseph Guerrieri  | X |
| Sandra Lee        | X |
| John McDowell     | X |
| Rodger Mc Ginness |   |
| Olga Shewfelt     | X |
| Joanne Waddell    | X |

### Unions/Association

|                                      |   |
|--------------------------------------|---|
| Arif Ahmed                           |   |
| Kathleen Becket; SEIU Local 99       |   |
| Velma Butler/Shirley Chen            |   |
| Iris Ingram; Class Mgmt. Rep         | X |
| Paulina Palomino; Local 911 Teamster |   |
| Vacant-Build & Cost Trade            |   |

### College Presidents

|                                     |   |
|-------------------------------------|---|
| Seher Awan                          | X |
| Lawrence Buckley**(Rolf Schleicher) | X |
| Erika Endrijonas *                  | X |
| Larry Frank                         | X |
| Mary Gallagher                      | X |
| Otto W. Lee                         |   |
| James M. Limbaugh                   | X |
| Marvin Martinez (Myeshia Armstrong) | X |
| Monte Perez                         |   |

### Student Trustee Rep

Kelly N. Williams

\* DBC CO-chairs

\*\* Interim

### Also Present

#### Resource Persons

Ryan Cornner  
Jeanette Gordon  
Deborah La Teer  
Robert Miller  
Melinda Nish  
Maury Pearl  
Francisco Rodriguez  
Albert Román

#### Guests

Violet Amrikhas  
Grace Chee  
Daniel Hall  
Anil Jain  
Mike Lee  
Robert Medina  
Pam Sanford

1. **Call to Order** by Erika A. Endrijonas at 1:40pm.
2. **Approval of Agenda** –The agenda was approved with no changes.
3. **Approval of Minutes** –The minutes of the October 17, 2018 meeting were approved with no changes.
4. **Chancellor’s Remarks/Updates**
  - Expressed holiday wishes and gratitude to the committee and others colleagues for working towards adjusting to the new Student Centered Funding Formula. This work is necessary to position our District to best serve students in the years to come.
  - Legislative Package Priorities –
    - Assembly Bill 2- This bill would authorize a second year of fee waivers to eligible students
    - Support statewide efforts on a base increase
    - Funding Formula – advocate change for data reporting that disadvantages multi college districts.
    - Support intersegmental statewide bonds- advocating a 50% split for community colleges
    - Additional support for Full Time Faculty, pushing for diversity.
    - Support a funding carve out for our 9 dreamer resource centers
5. **ECDBC Reports and Recommendations**
  - A report previously distributed at the November 2018 ECDBC meeting detailing college level metrics and associated revenues was discussed in detail.
6. **Enrollment Update (Corrner)**
  - Summer 2018 Enrollment increased by 12%, Fall 2018 is down by 2% and Winter 2019 is down by 5%.
  - If there is no change in Spring 2019 and Summer 2019, the District is projecting a total decrease in FTES by .5%.
  - Preliminary estimates show larger increase in short-term enrollment with declines in full-term classes.
  - Increased offerings have been noted in enhanced noncredit with an expectation for increased FTES at the full rate.
7. **FON Update (Roman)**
  - A handout titled Allocation of LACCD Fall 2019 Projected Hires by College as of December 5, 2018 was distributed and discussed.
  - The District is projected to hire 82 faculty.
8. **2018-19 First Quarter Financial Status Report (Gordon)**
  - A report detailing the projected ending balances by location was distributed, currently 4 colleges and the District Office are projecting a negative balance.
9. **DBC Recommendations to the Chancellor**
  - None
10. **Item to Be Addressed by ECDBC**
  - Continue working on the Allocation Model in anticipation of release of the budget plan for May.
11. **Other Business**
  - None

The meeting was adjourned at 3:03pm.

*Future DBC Meetings: Jan 30, Feb 13, Mar 13, Apr 10, May 8, Jun 12*

*Future ECDBC Meetings: Jan 8, Jan 29, Feb 26, Mar 26, Apr 23, May 21, Jun 25*

Supporting Documents can be found at:

<http://laccd.edu/Departments/DistrictLevel/Governance/DBC/Pages/default.aspx>

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

**Scenario 1: Percentage based on Total Appropriation Budget (includes ending balances)**

| Type: Allocation                   | 2014-15           |              | 2015-16           |              | 2016-17            |              | 2017-18            |              | 2018-19            |              |
|------------------------------------|-------------------|--------------|-------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|
| ESC                                | 23,250,181        | 3.8%         | 25,005,632        | 3.4%         | 26,915,473         | 3.5%         | 27,335,354         | 3.6%         | 28,197,780         | 3.5%         |
| IT                                 | 10,196,026        | 1.6%         | 10,965,853        | 1.5%         | 11,276,187         | 1.5%         | 11,452,096         | 1.5%         | 11,813,407         | 1.5%         |
| <b>Total ESC</b>                   | <b>33,446,207</b> | <b>5.4%</b>  | <b>35,971,485</b> | <b>4.8%</b>  | <b>38,191,660</b>  | <b>5.0%</b>  | <b>38,787,450</b>  | <b>5.0%</b>  | <b>40,011,187</b>  | <b>5.0%</b>  |
| Centralized                        | 51,160,022        | 8.3%         | 49,677,254        | 6.7%         | 74,580,372         | 9.7%         | 82,268,023         | 10.7%        | 79,149,432         | 9.9%         |
| <b>Total ESC &amp; Centralized</b> | <b>84,606,229</b> | <b>13.7%</b> | <b>85,648,739</b> | <b>11.5%</b> | <b>112,772,032</b> | <b>14.6%</b> | <b>121,055,473</b> | <b>15.8%</b> | <b>119,160,619</b> | <b>15.0%</b> |
| Total Appropriation Budget         | 618,617,219       |              | 745,178,416       |              | 770,714,238        |              | 768,093,820        |              | 795,619,777        |              |

**Scenario 2: Percentage based on Total Appropriation Budget (excludes ending balances)**

| Type: Allocation                               | 2014-15           |              | 2015-16           |              | 2016-17            |              | 2017-18            |              | 2018-19            |              |
|--|-------------------|--------------|-------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|
| ESC  | 23,250,181        | 4.2%         | 25,005,632        | 3.7%         | 26,915,473         | 4.0%         | 27,335,354         | 4.1%         | 28,197,780         | 4.1%         |
| IT   | 10,196,026        | 1.8%         | 10,965,853        | 1.6%         | 11,276,187         | 1.7%         | 11,452,096         | 1.7%         | 11,813,407         | 1.7%         |
| <b>Total ESC</b>                               | <b>33,446,207</b> | <b>6.0%</b>  | <b>35,971,485</b> | <b>5.4%</b>  | <b>38,191,660</b>  | <b>5.7%</b>  | <b>38,787,450</b>  | <b>5.9%</b>  | <b>40,011,187</b>  | <b>5.8%</b>  |
| Centralized                                    | 51,160,022        | 9.1%         | 49,677,254        | 7.4%         | 74,580,372         | 11.2%        | 82,268,023         | 12.4%        | 79,149,432         | 11.6%        |
| <b>Total ESC &amp; Centralized</b>             | <b>84,606,229</b> | <b>15.1%</b> | <b>85,648,739</b> | <b>12.8%</b> | <b>112,772,032</b> | <b>16.9%</b> | <b>121,055,473</b> | <b>18.3%</b> | <b>119,160,619</b> | <b>17.4%</b> |
| Total Expenditure Budget (w/o ending balances) | 559,637,667       |              | 667,003,003       |              | 668,667,079        |              | 662,590,754        |              | 684,506,752        |              |

**Scenario 3: Percentage based on Total Expenditure Actuals**

| Type: Actual Expenditure           | 2014-15            |              | 2015-16            |              | 2016-17            |              | 2017-18            |              |
|------------------------------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|
| COLLEGE TOTAL                      | 457,044,558        | 80.1%        | 497,563,439        | 79.7%        | 530,668,030        | 80.7%        | 530,307,876        | 80.2%        |
| ESC                                | 23,824,278         | 4.2%         | 27,854,563         | 4.5%         | 27,508,246         | 4.2%         | 26,881,320         | 4.1%         |
| IT                                 | 10,345,227         | 1.8%         | 12,760,838         | 2.0%         | 11,489,777         | 1.7%         | 10,494,095         | 1.6%         |
| <b>Total ESC</b>                   | <b>34,169,505</b>  | <b>6.0%</b>  | <b>40,615,401</b>  | <b>6.5%</b>  | <b>38,998,023</b>  | <b>5.9%</b>  | <b>37,375,415</b>  | <b>5.7%</b>  |
| Centralized                        | 79,329,115         | 13.9%        | 86,024,914         | 13.8%        | 88,175,246         | 13.4%        | 93,458,866         | 14.1%        |
| <b>Total ESC &amp; Centralized</b> | <b>113,498,620</b> | <b>19.9%</b> | <b>126,640,314</b> | <b>20.3%</b> | <b>127,173,269</b> | <b>19.3%</b> | <b>130,834,281</b> | <b>19.8%</b> |
| Total Actual Expenditures          | 570,543,178        |              | 624,203,754        |              | 657,841,298        |              | 661,142,157        |              |

**Scenario 4: Percentage based on Revenue Budget (less dedicated revenue)**

| Type: Allocation                   | 2014-15           |              | 2015-16           |              | 2016-17            |              | 2017-18            |              | 2018-19            |              |
|------------------------------------|-------------------|--------------|-------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|
| ESC                                | 23,250,181        | 4.3%         | 25,005,632        | 4.1%         | 26,915,473         | 4.3%         | 27,335,354         | 4.2%         | 28,197,780         | 4.3%         |
| IT                                 | 10,196,026        | 1.9%         | 10,965,853        | 1.8%         | 11,276,187         | 1.8%         | 11,452,096         | 1.8%         | 11,813,407         | 1.8%         |
| <b>Total ESC</b>                   | <b>33,446,207</b> | <b>6.2%</b>  | <b>35,971,485</b> | <b>5.9%</b>  | <b>38,191,660</b>  | <b>6.1%</b>  | <b>38,787,450</b>  | <b>6.0%</b>  | <b>40,011,187</b>  | <b>6.0%</b>  |
| Centralized                        | 51,160,022        | 9.5%         | 49,677,254        | 8.1%         | 74,580,372         | 11.9%        | 82,268,023         | 12.7%        | 79,149,432         | 12.0%        |
| <b>Total ESC &amp; Centralized</b> | <b>84,606,229</b> | <b>15.7%</b> | <b>85,648,739</b> | <b>14.0%</b> | <b>112,772,032</b> | <b>17.9%</b> | <b>121,055,473</b> | <b>18.7%</b> | <b>119,160,619</b> | <b>18.0%</b> |
| Total Revenue (less dedicated)     | 538,531,574       |              | 611,361,809       |              | 628,854,497        |              | 648,343,704        |              | 662,110,285        |              |

**Scenario 1: Percentage based on Total Appropriation Budget (includes ending balances)**

| Type                               | LACCD              |              | San Diego          |              | No Orange          |              | Los Rios           |              | Ventura           |              |
|------------------------------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|-------------------|--------------|
|                                    | 2018-19            |              | 2018-19            |              | 2018-19            |              | 2018-19            |              | 2018-19           |              |
| ESC                                | 28,197,780         | 3.5%         | 24,567,381         | 7.9%         | 29,390,261         | 7.8%         | 8,796,859          | 1.8%         | 11,453,703        | 7.0%         |
| IT                                 | 11,813,407         | 1.5%         |                    | 0.0%         |                    | 0.0%         |                    | 0.0%         |                   | 0.0%         |
| <b>Total ESC</b>                   | <b>40,011,187</b>  | <b>5.0%</b>  | <b>24,567,381</b>  | <b>7.9%</b>  | <b>29,390,261</b>  | <b>7.8%</b>  | <b>8,796,859</b>   | <b>1.8%</b>  | <b>11,453,703</b> | <b>7.0%</b>  |
| Centralized                        | 79,149,432         | 9.9%         | 76,211,692         | 24.4%        | 83,066,319         | 22.1%        | 153,267,321        | 31.1%        | 11,698,369        | 7.1%         |
| <b>Total ESC &amp; Centralized</b> | <b>119,160,619</b> | <b>15.0%</b> | <b>100,779,073</b> | <b>32.3%</b> | <b>112,456,580</b> | <b>30.0%</b> | <b>162,064,180</b> | <b>32.9%</b> | <b>23,152,072</b> | <b>14.1%</b> |
| Total Appropriation Budget         | 795,619,777        |              | 311,793,252        |              | 375,293,618        |              | 492,755,201        |              | 164,093,164       |              |

**Scenario 2: Percentage based on Total Budgeted Appropriation Budget (excludes ending balances)**

| Type   | LACCD              |              | San Diego         |              | No Orange          |              | Los Rios           |              | Ventura           |              |
|--|--------------------|--------------|-------------------|--------------|--------------------|--------------|--------------------|--------------|-------------------|--------------|
|  | 2018-19            |              | 2018-19           |              | 2018-19            |              | 2018-19            |              | 2018-19           |              |
| ESC  | 28,197,780         | 4.1%         | 24,951,987        | 8.6%         | 29,390,261         | 9.6%         | 8,796,859          | 1.9%         | 11,453,703        | 6.9%         |
| IT   | 11,813,407         | 1.7%         |                   | 0.0%         |                    | 0.0%         |                    | 0.0%         |                   | 0.0%         |
| <b>Total ESC</b>                               | <b>40,011,187</b>  | <b>5.8%</b>  | <b>24,951,987</b> | <b>8.6%</b>  | <b>29,390,261</b>  | <b>9.6%</b>  | <b>8,796,859</b>   | <b>1.9%</b>  | <b>11,453,703</b> | <b>6.9%</b>  |
| Centralized                                    | 79,149,432         | 11.6%        | 74,517,550        | 25.8%        | 83,066,319         | 27.1%        | 153,267,321        | 33.6%        | 11,698,369        | 7.0%         |
| <b>Total ESC &amp; Centralized</b>             | <b>119,160,619</b> | <b>17.4%</b> | <b>99,469,537</b> | <b>34.4%</b> | <b>112,456,580</b> | <b>36.7%</b> | <b>162,064,180</b> | <b>35.5%</b> | <b>23,152,072</b> | <b>13.9%</b> |
| Total Expenditure Budget (w/o ending balances) | 684,506,752        |              | 289,074,086       |              | 306,656,143        |              | 456,452,431        |              | 167,113,996       |              |
| Ending Balance                                 | 111,113,025        | 16.2%        | 22,719,166        | 7.9%         | 68,637,475         | 22.4%        | 36,302,770         | 8.0%         | (3,020,832)       | -1.8%        |

**Scenario 3: Add IT from college, utilities, and M&O costs ; Percentage based on Total Expenditure Budget (excludes ending balances)**

| Type   | LACCD              |              | LACCD              |              | LACCD              |              |
|--|--------------------|--------------|--------------------|--------------|--------------------|--------------|
|  | 2018-19            |              | 2018-19            |              | 2018-19            |              |
| ESC  | 28,197,780         | 4.1%         | 28,197,780         | 4.1%         | 28,197,780         | 4.1%         |
| IT   | 11,813,407         | 1.7%         | 11,813,407         | 1.7%         | 11,813,407         | 1.7%         |
| <b>Total ESC</b>                               | <b>40,011,187</b>  | <b>5.8%</b>  | <b>40,011,187</b>  | <b>5.8%</b>  | <b>40,011,187</b>  | <b>5.8%</b>  |
| Centralized                                    | 79,149,432         | 11.6%        | 79,149,432         | 11.6%        | 79,149,432         | 11.6%        |
| IT from Colleges                               | 12,728,808         | 1.9%         |                    | 0.0%         |                    | 0.0%         |
| Utilities                                      | 16,474,562         | 2.4%         | 16,474,562         | 2.4%         | 16,474,562         | 2.4%         |
| M&O  | 54,752,770         | 8.0%         |                    | 0.0%         |                    | 0.0%         |
| <b>Total ESC &amp; Centralized</b>             | <b>203,116,759</b> | <b>29.7%</b> | <b>135,635,181</b> | <b>19.8%</b> | <b>148,363,989</b> | <b>21.7%</b> |
| Total Expenditure Budget (w/o ending balances) | 684,506,752        |              | 684,506,752        |              | 684,506,752        |              |

Notes:

San Diego - Centralized includes: Utilities, All IT, and Facilities

No Orange - Centralized includes: Utilities, "hospitality", innovation fund

Los Rios. - Centralized includes: Utilities and M&O for all colleges, faculty release time, IT and telecom, LRC operations, postage, enrollment fee operational costs, Fin Aid workstudy match

Ventura - Centralized includes: Utilities, Info Tech Systems

|               |   |
|---------------|---|
| Base Scenario | The 2018-19 Allocation of hold harmless of \$622m using existing District Allocation Model  |
| Scenario 1    | SCFF calculations, with assessment based on Revenue % by college  |
| Scenario 2    | SCFF calculations reduced by \$17m, with assessment based on Revenue % by college   |
| Scenario 3    | SCFF calculations reduced by \$17m, lowered proportionately, with ESC and Districtwide off the top.                                       |
| Scenario 4    | SCFF calculations reduced by \$17m, with ESC and Districtwide taken from FTES revenue.  |
| Scenario 5    | No change to minimum base, SCFF calculations lowered proportionately, assessment based on Revenue %                                       |
| Scenario 6    | No change to minimum base, SCFF reduced by 17m, calculations lowered proportionately, assessment based on Revenue %                       |
| Scenario 7    | Add Utilities to minimum base, SCFF calculations lowered proportionately, assessment based on Revenue %                                   |
| Scenario 8    | Add Utilities to minimum base, SCFF calculations reduced by \$17m, lowered proportionately, assessment based on Revenue %                 |
| Scenario 9    | Add FON to minimum base, SCFF calculations lowered proportionately, assessment based on Revenue %   |
| Scenario 10   | Add FON to minimum base, SCFF reduced by \$17m, calculations lowered proportionately, assessment based on Revenue %                       |
| Scenario 11   | Add Utilities & FON to minimum base, SCFF calculations lowered proportionately, assessment based on Revenue %                             |
| Scenario 12   | Add Utilities & FON to minimum base, SCFF calculations lowered by \$17m, assessment based on Revenue %                                    |
| Scenario 13   | Use assignable square footage in minimum base, SCFF calculations lowered proportionately, assessment based on Revenue %                   |
| Scenario 14   | Use assignable square footage in minimum base, SCFF calculations lowered by \$17m, assessment based on Revenue %                          |
| Scenario 15   | Use acreage in minimum base, SCFF calculations lowered proportionately, assessment based on Revenue %                                     |
| Scenario 16   | Use acreage in minimum base, SCFF calculations lowered by \$17m, assessment based on Revenue %  |
| Scenario 17   | No change to min base, remove living wage revenue, SCFF calculations lowered proportionately, assessment based on Revenue %               |
| Scenario 18   | No change to minimum base, remove living wage revenue, SCFF calculations lowered by \$9.8m proportionately, assessment based on Revenue % |

**Base Scenario- 2018-19 budget allocation**

| col 1        | col 2             | col 3              | col 4             | col 5             | col 6 | col 7 | col 8                     | col 9                | col 10              |
|--------------|-------------------|--------------------|-------------------|-------------------|-------|-------|---------------------------|----------------------|---------------------|
|              | Minimum Base Rev  | Base Rev Remaining | EPA Funds         | COLA 2.71%        |       |       | Total State Apportionment | Assessment           | Total Apportionment |
| City         | 12,867,190        | 48,142,671         | 10,319,263        | 1,869,446         |       |       | 73,198,570                | (16,383,454)         | 56,815,116          |
| East         | 15,298,666        | 100,954,578        | 22,304,481        | 3,937,686         |       |       | 142,495,411               | (35,365,391)         | 107,130,020         |
| Harbor       | 7,757,618         | 27,257,802         | 5,552,981         | 1,050,845         |       |       | 41,619,246                | (8,742,858)          | 32,876,388          |
| Mission      | 7,153,572         | 27,683,517         | 5,687,961         | 1,068,525         |       |       | 41,593,575                | (8,773,400)          | 32,820,175          |
| Pierce       | 12,043,029        | 60,238,868         | 13,062,620        | 2,343,115         |       |       | 87,687,632                | (20,383,846)         | 67,303,786          |
| Southwest    | 7,841,069         | 22,461,449         | 4,486,081         | 863,576           |       |       | 35,652,175                | (6,870,435)          | 28,781,740          |
| Trade-Tech   | 11,279,127        | 49,888,468         | 10,646,723        | 1,936,009         |       |       | 73,750,327                | (16,522,923)         | 57,227,404          |
| Valley       | 11,387,664        | 51,158,421         | 10,886,311        | 1,984,466         |       |       | 75,416,862                | (16,920,700)         | 58,496,162          |
| West         | 7,734,816         | 32,920,663         | 6,926,183         | 1,274,930         |       |       | 48,856,592                | (11,044,450)         | 37,812,142          |
| ITV          | -                 | 1,565,551          | 357,600           | 61,371            |       |       | 1,984,522                 | (556,896)            | 1,427,626           |
| <b>TOTAL</b> | <b>93,362,751</b> | <b>422,271,988</b> | <b>90,230,204</b> | <b>16,389,969</b> |       |       | <b>622,254,912</b>        | <b>(141,564,353)</b> | <b>480,690,559</b>  |

**Scenario 5- no change to minimum base, SCFF calculations lowered proportionately, assessment based on Revenue %**

| col 1        | col 2             | col 3              | col 4              | col 5             | col 6              | col 7    | col 8                     | col 9                | col 10              | Base vs Scenario 5 |
|--------------|-------------------|--------------------|--------------------|-------------------|--------------------|----------|---------------------------|----------------------|---------------------|--------------------|
|              | Minimum Base Rev  | FTES               | Equity             | Success           | Total Calculated   |          | Total State Apportionment | Assessment           | Total Apportionment |                    |
| City         | 12,867,190        | 42,878,850         | 13,790,382         | 5,667,273         | 75,203,695         |          | 75,203,695                | (16,649,030)         | 58,554,665          | 1,739,548          |
| East         | 15,298,666        | 90,624,921         | 26,310,489         | 11,498,895        | 143,732,971        |          | 143,732,971               | (31,820,439)         | 111,912,532         | 4,782,512          |
| Harbor       | 7,757,618         | 24,036,218         | 6,802,949          | 4,573,532         | 43,170,318         |          | 43,170,318                | (9,557,295)          | 33,613,022          | 736,635            |
| Mission      | 7,153,572         | 26,945,185         | 8,193,693          | 4,781,034         | 47,073,484         |          | 47,073,484                | (10,421,401)         | 36,652,083          | 3,831,908          |
| Pierce       | 12,043,029        | 50,460,630         | 16,741,658         | 11,163,833        | 90,409,150         |          | 90,409,150                | (20,015,302)         | 70,393,848          | 3,090,062          |
| Southwest    | 7,841,069         | 19,701,547         | 6,335,295          | 2,564,918         | 36,442,829         |          | 36,442,829                | (8,067,925)          | 28,374,904          | (406,836)          |
| Trade-Tech   | 11,279,127        | 44,209,818         | 12,783,986         | 6,014,543         | 74,287,473         |          | 74,287,473                | (16,446,192)         | 57,841,282          | 613,878            |
| Valley       | 11,387,664        | 45,240,346         | 15,243,426         | 6,859,085         | 78,730,521         |          | 78,730,521                | (17,429,819)         | 61,300,702          | 2,804,539          |
| West         | 7,734,816         | 29,687,893         | 8,239,131          | 4,734,117         | 50,395,958         |          | 50,395,958                | (11,156,949)         | 39,239,008          | 1,426,866          |
| ITV          | -                 | -                  | -                  | -                 | -                  |          | -                         | -                    | -                   | (1,427,626)        |
| <b>TOTAL</b> | <b>93,362,751</b> | <b>373,785,409</b> | <b>114,441,008</b> | <b>57,857,231</b> | <b>639,446,399</b> | <b>-</b> | <b>639,446,399</b>        | <b>(141,564,353)</b> | <b>497,882,046</b>  | <b>17,191,487</b>  |

**Scenario 7- add Utilities to minimum base, SCFF calculations lowered proportionately, assessment based on Revenue %**

| col 1        | col 2             | col 3              | col 4              | col 5             | col 6              | col 7    | col 8                     | col 9                | col 10              | Base vs Scenario 7 |
|--------------|-------------------|--------------------|--------------------|-------------------|--------------------|----------|---------------------------|----------------------|---------------------|--------------------|
|              | Minimum Base Rev  | FTES               | Equity             | Success           | Total Calculated   |          | Total State Apportionment | Assessment           | Total Apportionment |                    |
| City         | 12,772,436        | 42,878,850         | 13,790,382         | 5,667,273         | 75,108,941         |          | 75,108,941                | (16,628,053)         | 58,480,888          | 1,665,772          |
| East         | 15,906,038        | 90,624,921         | 26,310,489         | 11,498,895        | 144,340,343        |          | 144,340,343               | (31,954,902)         | 112,385,441         | 5,255,421          |
| Harbor       | 7,877,576         | 24,036,218         | 6,802,949          | 4,573,532         | 43,290,276         |          | 43,290,276                | (9,583,852)          | 33,706,423          | 830,036            |
| Mission      | 7,624,153         | 26,945,185         | 8,193,693          | 4,781,034         | 47,544,065         |          | 47,544,065                | (10,525,581)         | 37,018,484          | 4,198,309          |
| Pierce       | 11,833,829        | 50,460,630         | 16,741,658         | 11,163,833        | 90,199,950         |          | 90,199,950                | (19,968,988)         | 70,230,962          | 2,927,176          |
| Southwest    | 7,830,420         | 19,701,548         | 6,335,295          | 2,564,918         | 36,432,181         |          | 36,432,181                | (8,065,567)          | 28,366,613          | (415,127)          |
| Trade-Tech   | 10,524,896        | 44,209,818         | 12,783,986         | 6,014,543         | 73,533,243         |          | 73,533,243                | (16,279,216)         | 57,254,027          | 26,623             |
| Valley       | 11,350,260        | 45,240,346         | 15,243,426         | 6,859,085         | 78,693,117         |          | 78,693,117                | (17,421,539)         | 61,271,578          | 2,775,416          |
| West         | 7,643,142         | 29,687,893         | 8,239,131          | 4,734,117         | 50,304,284         |          | 50,304,284                | (11,136,654)         | 39,167,630          | 1,355,488          |
| ITV          | -                 | -                  | -                  | -                 | -                  |          | -                         | -                    | -                   | (1,427,626)        |
| <b>TOTAL</b> | <b>93,362,750</b> | <b>373,785,409</b> | <b>114,441,008</b> | <b>57,857,231</b> | <b>639,446,399</b> | <b>-</b> | <b>639,446,399</b>        | <b>(141,564,353)</b> | <b>497,882,046</b>  | <b>17,191,487</b>  |



Scenario 7 & 8

| <b>2018-19</b>                                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                          |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------------|
| <b>Base Allocation</b>                           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                          |
| <b>Minimum Base Funding</b>                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |                          |
| <b>Revised M&amp;O Cost based on FY 2016-17</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     | Updated January 24, 2019 |
|  | City                | East                | Harbor              | Mission             | Pierce              | S-west              | Trade-Tech          | Valley              | West                | Total                    |
| Total Funding for Presidents and VPs             | \$1,104,790         | \$1,104,790         | \$1,104,790         | \$1,104,790         | \$1,104,790         | \$1,104,790         | \$1,104,790         | \$1,104,790         | \$1,104,790         | \$9,943,106              |
| Total Funding for Deans Position                 | \$ 1,196,744        | \$ 1,795,116        | \$ 598,372          | \$ 598,372          | \$ 1,196,744        | \$ 598,372          | \$ 1,196,744        | \$ 1,196,744        | \$ 598,372          | 8,975,580                |
| Total Funding for Salaries and Benefits          | 3,047,824           | 3,826,964           | 2,268,684           | 2,268,684           | 3,047,824           | 2,268,684           | 3,047,824           | 3,047,824           | 2,268,684           | 25,092,994               |
| <b>UTILITIES Funding</b>                         | <b>2,274,813</b>    | <b>3,375,673</b>    | <b>1,444,524</b>    | <b>1,649,381</b>    | <b>1,961,483</b>    | <b>1,334,055</b>    | <b>1,232,112</b>    | <b>1,975,130</b>    | <b>1,227,389</b>    | <b>16,474,562</b>        |
| <b>M&amp;O Costs by Square Footage (2016-17)</b> |                     |                     |                     |                     |                     |                     |                     |                     |                     |                          |
| Gross Square Footage <sup>(8)</sup>              | 1,078,764           | 1,260,291           | 603,019             | 536,658             | 988,221             | 612,187             | 904,298             | 916,222             | 600,514             | 7,500,174                |
| Average Cost per sq.ft. <sup>(2)</sup>           | \$ 6.91             | \$6.91              | \$6.91              | \$6.91              | \$6.91              | \$6.91              | \$6.91              | \$6.91              | \$6.91              | \$6.91                   |
| Total funding for M&O Costs                      | \$7,449,799         | \$8,703,401         | \$4,164,368         | \$3,706,088         | \$6,824,522         | \$4,227,681         | \$6,244,961         | \$6,327,306         | \$4,147,069         | \$51,795,195             |
| <b>Total Proposed Minimum Base Funding</b>       | <b>\$12,772,436</b> | <b>\$15,906,038</b> | <b>\$ 7,877,576</b> | <b>\$ 7,624,153</b> | <b>\$11,833,829</b> | <b>\$ 7,830,420</b> | <b>\$10,524,896</b> | <b>\$11,350,260</b> | <b>\$ 7,643,142</b> | <b>\$93,362,751</b>      |

|   | One-Time         | Ongoing           | Distribution Year        |
|---|------------------|-------------------|--------------------------|
| FON Funding- over 3 years<br>Year 1@ 100%, Year 2 @ 66%, Year 3@ 33%<br>Year 1=\$900,000, Year 2=\$600,000;Year 3=\$300,000<br>57 faculty x 50% of difference between LACCD cost of Faculty<br>(108,000) and State Chancellor's Office reimbursement (77,000) | 1,800,000        |                   | FY19-20; FY20-21;FY21-22 |
| PERS/STRS Funding   | 4,200,000        |                   | FY19-20 - FY23-24        |
| LACCD SCFF budget allocation model transition   |                  | 3,000,000         | FY19-20                  |
| Reserve for future SCFF uncertainty (enrollment contingencies)  |                  | 3,000,000         |                          |
| Operational Transition Funding (i.e. AB705)   |                  | 3,000,000         | FY18-19                  |
| Distribution  |                  | 8,000,000         | FY18-19                  |
| <b>Total</b>  | <b>6,000,000</b> | <b>17,000,000</b> |                          |



# MEMORANDUM

OFFICE OF THE VICE CHANCELLOR  
FINANCE & RESOURCE DEVELOPMENT

Date: January 18, 2019  
To: Chancellor Francisco Rodriguez, Ph.D.  
From: Dr. Robert B. Miller  
**Subject: 2018/19 and 2019/20 Budgets Update**

---

## **2018-19 Budget Status**

With details of the new Student Centered Funding Formula unclear at the beginning of this fiscal year, the District took a conservative approach and budgeted state apportionment revenue to the minimum guarantee of \$622 million. As the District worked with the State Chancellor's office to better understand the intricacies of the new model, it appears that the District can expect approximately \$17 - \$23 million more in apportionment revenue for the 2018-19 fiscal year. \$6 million of this revenue is a one-time increase due to a clarification of the FTES average calculation and \$17 million is ongoing as a result of the other components of equity and success metrics. As regards the \$17 million, based on the three-year average component of the funding formula, it is conceivable the on-going amount may be lower if enrollment, equity and success targets are not fully achieved as the District anticipates.

In late February, when P1 is released, the District will have greater certainty as to the increase in revenue. Because we are entering into a period of slower recurring revenue growth, it is fiscally prudent to direct these one-time dollars to PERS/STRS and FON obligations as well as potentially saving some of the ongoing revenues to address the transition the Colleges and the District must make as it responds to the new SCFF as well as AB705 and AB2160.

As of the first Quarter of 2018-19, the District is projecting a General Fund Unrestricted ending balance of \$117 million; 16.6% of projected expenditures.

## **New District Allocation Model**

The Executive Committee of the District Budget Committee (ECDBC) has been working towards development of a new District allocation model following the guiding principle that it is to align with the State's Student Centered Funding Formula in support of student access, equity and success. The committee has held six meetings with more scheduled each month (see attachment 1) until the end of the fiscal year. The goal is to have the Board approve a new allocation model in time to build the 2019-20 final budget.

## **2019-20 Governor's January Proposal**

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 2019-2020 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 STRS rate increases, and
- 4) Ongoing increases to funding formula rates (COLA at 3.46%)

### **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. Specifically, funding rates for 2019-20 would mirror the 2018-19 rates plus a COLA. Also proposed is a change to student success allocation factor to have it remain the same as 2018-19. In other words, the allocation split is to remain at 70% on FTES, 20% on equity, and 10% on student success.

**Cal Grants and Financial Aid** – 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.

**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. LACCD is acting as the fiscal agent for these funds through the California Department of Social Services.

**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, of which Los Angeles City College- Theater Arts Replacement is proposed to be funded.

For community colleges, the proposal includes approximately \$402 million in Proposition 98 resources. Importantly, Governor Newsom honors the statutory split of 10.93% for community colleges. The Governor's January budget provides \$246 million in new spending for the Community College System for the items above. This includes a COLA of 3.46%, increase in access (growth) of .55%, as well as an expansion of the California College Promise to cover the student's second year of attendance. The estimated revenue increase to LACCD is \$29 million; \$23 million in COLA, \$4 million in College Promise dollars and \$2 million in growth if earned. The proposed CalSTRS pay down would lower the Districts STRS contribution rate by 1%, which equates to approximately a \$2.6 million reduction in pension expenses for LACCD in the 2019-20 year.

### **2019-20 Student Centered Funding Formula**

Included in the Governor's budget proposal is a change to the Student Centered Funding Formula, in which the Governor proposes that the student success allocation factor remain the same as 2018-19. In other words, the allocation split is to remain at 70% on FTES, 20% on equity, and 10% on student success. This change impacts the District negatively, as the formula utilizes a three-year average in the FTES calculation and the past two years of the Districts FTES declines moves this average downward. Other projected increases in the equity and student success metrics data help to offset the FTES revenue decline, the District is projecting no additional revenue (aside from COLA, currently estimated at \$23 million) from the model above the 2018-19 year and could experience revenue declines if the projected equity and success metrics do not materialize. Because of the uncertainty regarding the change to the SCFF as well as the Districts many metrics that go into the model, it remains fiscally prudent to set aside funds to address these unknowns.

| Description  | Final Signed Budget<br>2018-19 |                   | Governor's January Proposal<br>2019-20 |                   |
|--|--------------------------------|-------------------|--|-------------------|
|  | System                         | LACCD             | System                                 | LACCD             |
| <b>General Fund</b>  |                                |                   |  |                   |
| 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] [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           | -                                      | -                 |
| <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.