The LACCD Allocation Model is designed to distribute General Fund Unrestricted resources which supports the basic operations and mission of the District. The model was developed with the following guidelines.

**Funding Principles**

- Aligns with the State’s Student Centered Funding Formula (SCFF) in support of student access, equity and success.
- Allocation Model should be easily understood, fair and predictable.
- Recognizes there are core services and unique characteristics associated with a College regardless of size.
- Recognizes that there are Districtwide costs and Educational Service Center operations that must be funded.
- Balances will be retained by Colleges and Educational Service Center locations.

I. **Parameters used to determine State Apportionment Revenue**

1. **Base Allocation**

   The Base Allocation is the enrollment-based component of the State Student Centered Funding Formula (SCFF) and is the sum of the Basic Allocation funding (which is based on the number of colleges and centers in a district and its size) and the funding for enrollment in credit (utilizing a three-year average), noncredit, and career development and college preparation (CDCP) noncredit courses, as well as enrollment of special admit students and inmates in correctional facilities.

   For fiscal year 2018-19, the basic allocation base rate is:

   - FTES >= 20,000 $4,866,469 large college
   - 10,000 <= FTES < 20,000 $4,258,160 medium college
   - FTES < 10,000 $3,649,851 small college

   For fiscal year 2018-19, the FTES allocation rates are:

   - Credit $3,727
   - Special Admit Credit $5,457
   - Incarcerated Credit $5,457
   - Non-Credit $3,347
   - Non-Credit Enhanced (CDCP) $5,457
2. Supplemental Allocation

The Supplemental Allocation of the SCFF recognizes that districts must provide additional support to remove barriers to access and success for certain groups of students. It is determined based on the number of low-income students in a district.

For fiscal year 2018-19, the Supplemental Allocation rates are:

- Pell Grant Recipients $919
- College Promise Grant Recipients $919
- AB 540 students $919

3. Student Success Allocation

The Student Success Allocation encourages progress on outcomes linked to the goals included in the State Chancellors Office Vision for Success. This allocation assigns funding rates for eight outcomes with additional funding for outcomes attained by students who received Pell Grants and College Promise Grants (Equity).

For fiscal year 2018-19, the Student Success Allocation rates are:

- Associate degree for transfer (ADT) $440
- Associate degree granted $440
- Baccalaureate degree granted $440
- Credit certificate granted $440
- Transfer-level Math or English course $440
- Transfer to four-year university $440
- Completion of nine or more CTE units $440
- Attainment of regional living wage $440

For fiscal year 2018-19, the Equity Allocation rates are:

- Associate degree for transfer (ADT) $111
- Associate degree granted $111
- Baccalaureate degree granted $111
- Credit certificate granted $111
- Transfer-level Math or English course $111
- Transfer to four-year university $111
- Completion of nine or more CTE units $111
- Attainment of regional living wage $111

4. COLA

COLA (cost of living adjustment) will be distributed as specified in the State Apportionment notice.
5. Growth

Growth will not be budgeted until earned and distributed only to the extent in which it is paid by the State.

II. Parameters to Allocate State Apportionment Revenue

1. Educational Services Center (ESC)

The District recognizes that there are certain services that are provided more efficiently through a central operation. Examples of these services include Human Resources, Payroll, Accounts Payable and Purchasing. Funding for the ESC will be determined by a percentage of LACCD Base Allocation determined by the state Student Centered Funding Formula (SCFF). During the three-year implementation of the SCFF, the percentage will be determined by the formula: Prior Year Allocation + Current Year COLA + Board Approved Adjustments +/- cost transfers from/to other locations, divided by the Total Base Allocation of the Total Computation Revenue. This methodology is the equivalent of 6% of the 2018-19 General Fund Unrestricted Revenue budget (less dedicated revenue). Funding for the ESC will come off the top of the Base Allocation, the remaining Base Allocation will be proportionately reduced across all locations and shall be distributed to colleges based on their proportion of the Districts funded FTES. The percentage and methodology will be reviewed a few years after the SCFF is fully implemented.

2. Districtwide (Centralized) Accounts

There are annual expenditures which support the District as a whole or that cannot be easily broken out by college require resources. Examples of these expenditures include Property & Liability Insurance, Legal, Audit, etc. Budgets in these accounts do not carryover but are replenished each year. Funding for the Districtwide Accounts is based on need, the Presidents will make budget recommendation on Districtwide Accounts to the District Budget Committee. Funding for the Districtwide Accounts will come off the top of the Base Allocation, the remaining Base Allocation will be proportionately reduced across all locations and shall be distributed to colleges based on their proportion of the Districts funded FTES.

3. Other Districtwide Accounts

There are Districtwide projects and expenditures that are one time in nature that tend to take multiple years to complete. Budgets in these accounts carryover until project completion or are self-supporting operations. Examples of these expenditures include the President and Dean Academy, DAS professional college, DAS sustainability and Van de Kamp. Funding for these other Districtwide accounts come from one-time budget requests or from unique funding streams and does not come from the Base Allocation.

4. Reserves

The District shall maintain a District General Reserve of six and a half percent (6.5%) and a Contingency Reserve of three and a half percent (3.5%) of total unrestricted general fund revenue at the districtwide account level. Such reserves shall be established to ensure
the District's financial stability, to meet emergency situations or budget adjustments due to any revenue projection shortfalls during the fiscal year. Use of the reserve must be approved by the Board prior to any expenditure. State Apportionment Base Allocation Revenue will be utilized to maintain the General Reserve (6.5%) and replenish the Contingency Reserve (3.5%).

5. College Set Asides

One percent (1.0%) of total college unrestricted allocation is to be set aside in the college budget to ensure College financial stability, to meet emergency situations or budget adjustments due to any revenue projection shortfalls during the fiscal year.

6. Other Set Asides

The District shall maintain a Deferred Maintenance fund, setting aside two percent (2.0%) of total unrestricted general fund revenue at the districtwide account level. State Apportionment Base Allocation Revenue will be utilized to establish the Deferred Maintenance fund each budget year.

7. College Allocation
   a. College Minimum Base

To recognize that there are fixed expenses and core services associated with a College regardless of size, each College will receive an annual minimum base allocation determined by the following parameters:
   i. Minimum Administrative Staffing:
      1. (1) President;
      2. (3) Vice Presidents;
      3. (1) Institutional Research Dean;
      4. (1) Facilities Manager;
      5. Deans
         a. (4) Deans => small colleges (FTES<10,000);
         b. (8) Deans => medium colleges (FTES>=10,000 and <20,000);
         c. (12) Deans => large colleges (FTES>=20,000).
   ii. Maintenance and Operations costs based on average cost per gross square footage.

   b. Remaining State Apportionment Allocation

The colleges shall receive 100% of their earned Supplemental Allocation and 100% of their earned Student Success Allocation, as well as their proportional share of their earned amount of the remaining Base Allocation (after ESC, Districtwide and Reserves).

III. Parameters to Allocate Other Revenue

1. Non-Resident Tuition/Enrollment Fees

Revenue shall be distributed to colleges based on college projections of tuition earnings.
2. Local Revenue and Other Federal and State Revenue (Dedicated Revenue)

Revenue that is directly generated by colleges shall be distributed to colleges based on college projections and adjusted for actual.

3. Lottery Revenue

Revenue shall be distributed to colleges based on the proportion of a college’s prior year FTES over the total District FTES and adjusted for actual.

4. Interest and Other Federal, State, and Local Income Not Directly Generated by the Colleges.

Interest and other federal, state, and local income that is not directly generated by colleges shall be utilized to fund the District’s reserves.

IV. Parameters for Allocations

1. A College total budget shall be the sum of the adjusted base allocation, 100% of the calculated supplemental allocation, 100% of the calculated student success allocation, plus other revenue; minus college deficit payments; plus, balances.

2. Additional funding received by the District after Final Budget, not directly attributable to an individual college, shall be distributed through the new allocation model as delineated in the Revenue Parameters above.

3. In the event that actual revenues are less than the amounts projected and allocated to colleges for the fiscal year, the college budgets will be recalculated and adjusted accordingly.

4. During the implementation years of the Student Centered Funding Formula, Colleges experiencing an enrollment/FTES decline (to be determined when the First Principal Apportionment Recalculation becomes available) shall be held harmless in the current year of the decline in an amount equal to the revenue loss associated with the FTES reduction in that year.

5. Colleges shall keep their year-end balances up to five percent (5.0%) of their prior fiscal year’s Unrestricted General Fund budget, excluding prior year balances. Colleges are allowed to carry over their accumulated balances from fiscal year 2013-14 and subsequent fiscal years up to ten percent (10%) of their prior year Unrestricted General Fund budget. Colleges will be allowed to use up to $5 million or twenty-five percent (25%) of their ending balances, whichever is less and within the limits of the above parameters. College balance amounts prior to 2013-14 are not to be included in this calculation. Additional access is allowed with the Chancellor’s approval.

6. The Educational Services Center shall retain its prior year ending balance including open orders. Open orders for Educational Services Center and Districtwide Accounts shall be funded up to the available balances from these locations. Any uncommitted balances in Districtwide Accounts shall be redistributed to colleges.
7. The college president is the authority for college matters within the parameters of law and Board operating policy. The college president shall be responsible for the successful operation and performance of the college.

8. During Budget Preparation, the Presidents will make a recommendation on Districtwide (Centralized) Accounts allocation to the District Budget Committee.

9. Prior to Budget Preparation, the Presidents will meet to forecast FTES and other metrics and set goals to maximize revenues to be generated by the colleges.

10. Each operating location shall prepare a quarterly report to include annual projected expenditures and identify steps necessary to maintain a balanced budget.

11. The budget allocation will be recalculated using this mechanism at Final Budget, First Principal Apportionment (February), and at year-end.