

CHAPTER XIII

ARTICLE I

AUXILIARY ORGANIZATIONS

13100. RECOGNITION AND ESTABLISHMENT OF AUXILIARY ORGANIZATIONS. Recognition of the establishment of an auxiliary organization by the Board of Trustees pursuant to Education Code Section 72672(c) and California Administrative Code, Title 5, Sections 59255 and 59257(a) shall require:

13100.10 That a recommendation is submitted to the Board of Trustees by the Chancellor when the organization will serve the District; or, by the Chancellor on behalf of the college president when the organization will primarily serve a particular college;

13100.11 A public hearing on the recommendation to be held at the time, place and in the manner determined by the Board of Trustees;

13100.12 The approval of the establishment of the auxiliary organization by the Board of Trustees. Approval by the Board of Trustees shall include a designation of the recognized services, programs and functions and an identification of the number and category or categories of members of the board of directors of the auxiliary organization; and

13100.13 The approval of a written agreement between the District and the auxiliary organization under which one or more of the services, programs or functions described in Section 59259 of Title 5 are to be performed.

Adopted 12-16-81

13101. RECOGNIZED SERVICES, PROGRAMS AND FUNCTIONS.
Auxiliary organizations may be recognized and established for the purpose of providing supportive services and specialized programs for the benefit of the Los Angeles Community College District. The services, programs and functions which may be undertaken by auxiliary organizations and which have been determined by the Board of Trustees and the Board of Governors to be appropriate include:

Student association or organization activities;
Bookstores;
Food and campus services;
Student union programs;
Facilities and equipment, including parking;
Loans, scholarships, grants-in-aid;
Workshops, conference, institutes and federal projects;
Alumni activities;
Supplementary health services;
Gifts, bequests, devises, endowments and trusts;
Public relations programs.

No auxiliary organization shall be authorized by the Board of Trustees to engage in any other function unless the Board of Governors amends Section 59259 of Title 5 by adding said function to the list of approved functions of auxiliary organizations; or unless said function is essential to satisfy the nonprofit corporation or tax laws of the State of California or the federal tax laws.

In accordance with Education Code Section 72671 the services, programs and functions may be performed by any auxiliary organization as part of a joint powers agreement.

Adopted 12-16-81

13102. COMPOSITION OF BOARDS OF DIRECTORS. The board of directors of each auxiliary organization shall have the following composition:

13102.10 Student Associations or Organizations. The board of directors shall consist primarily of students. The college president or his/her representative may attend and participate in meetings of board of directors in order to advise on policy and to provide for the control and regulation required by Education Code Section 76060.

13102.11 Other Auxiliary Organizations. Any other District approved auxiliary organization that is established pursuant to Section 72670 et seq. of the Education Code shall have a board of directors appointed in accordance with the organization's articles or incorporation or bylaws and consisting of voting membership from one or more of the following categories:

Administration and staff with no audit or oversight responsibility over the Auxiliary Organization;
Faculty;
Members of the Community;
Students.

Adopted 12-16-81
Amended 11-19-97

13102.12 Size of Board of Directors. The size of the board of directors of an auxiliary organization shall be at least large enough to accommodate the one or more categories from which board members are selected.

13102.13 Interim Boards of Directors. Nonprofit corporations that existed prior to the effective date of these Rules and that are recognized and established as auxiliary organizations under these Rules may continue to be governed by the boards of directors existing at the time of recognition. Thereafter, vacancies in or additions to the membership of the boards of directors shall be made so as to include membership from one or more of the categories set forth in Board Rule 13102.11.

Adopted 12-16-81

13102.14 Professional Assistance. Each auxiliary organization formed pursuant to Section 72670 et seq. of the Education Code shall have the benefit of the advice and counsel of at least one attorney admitted to practice in the State of California and at least one licensed certified public accountant; however, neither the attorney nor the certified public accountant need be a member of the board of directors.

Adopted 12-16-81

13103. BUSINESS MEETINGS. The board of directors of each auxiliary organization shall conduct its business in public meetings in accordance with Section 54950 et seq. of the Government Code; and shall, during each fiscal year, hold at least one business meeting each quarter.

Adopted 12-16-81

13104. SALARIES, WORKING CONDITIONS AND BENEFITS OF FULL-TIME EMPLOYEES.

13104.10 Except as otherwise provided in this Board Rule, the board of directors of each auxiliary organization shall, pursuant to Education Code Section 72672, provide salaries, working conditions and benefits for its full-time employees that are comparable to those provided District employees performing substantially similar services. For those full-time employees who perform services that are not substantially similar to the services performed by District employees, the salaries established shall be comparable to the salaries prevailing in other educational institutions in the area or commercial operations of like nature in the area.

Adopted 12-16-81

- 13104.11 The board of directors of each auxiliary organization may provide retirement benefits different from those provided comparable District employees and may withhold retirement benefits or permanent status benefits or both from temporary employees. For the purpose of this Rule, a temporary employee is:
- a. An employee employed for a specific research project, workshop, institute or other special project funded by any grant, contract or gift; or
 - b. An employee whose contract of employment is for a fixed term not exceeding three years.
- 13104.12 The board of directors of each auxiliary organization may withhold permanent status benefits from executive employees. For the purposes of this Rule, an executive employee is any management employee with responsibility for the development and execution of the auxiliary organization's policies and includes, but is not limited to, general managers, managers, directors, and the like as determined by the board of directors of each auxiliary organization.
- 13104.13 Should retirement benefits be provided, they may but need not be provided by the Public Employees' Retirement System. Any newly created auxiliary organization is exempted from the requirement of providing retirement benefits for a period not to exceed three years from the date on which the Board of Trustees recognizes the establishment of such auxiliary organization.

Adopted 12-16-81

13105. EXPENDITURES AND FUND APPROPRIATION. The board of directors of an auxiliary organization shall approve all expenditure authorizations. Appropriations of funds for use outside of the normal business operations of the auxiliary organizations shall be approved in accordance with Board of Trustee policy and further consistent regulations adopted by the Chancellor.

Adopted 12-16-81

13106. ACCOUNTING AND REPORTING. The board of directors of all auxiliary organizations except those exempted in Section 72673 of the Education Code, shall

13106.10 Utilize a standard accounting and reporting system established by the Chancellor in consultation with representatives of the Board of Governors.

13106.11 Implement financial standards which will assure the fiscal viability of such various auxiliary organizations. Such standards shall include proper provision for professional management, adequate working capital, adequate reserve funds for current operations, capital replacements contingencies and adequate provisions for new business requirements.

Each auxiliary organization serving the District shall submit its programs and budgets for review at a time and in a manner specified by the Chancellor. Similarly, the programs and budgets for auxiliary organizations primarily serving a college in the District shall be submitted to that college president for review, and to the Chancellor.

Adopted 12-16-81

Should the Chancellor or president, as appropriate, determine that any program or appropriation planned by an auxiliary organization is not consistent with District or college policy the program or appropriation shall not be implemented. Further, should a program or appropriation which has received approval, upon review, be determined by the Chancellor or president to be operating outside the acceptable policy of the Board of Governors, the District, or the college, then that program or appropriation shall be discontinued by direction of the Chancellor or president until further review is accomplished and an appropriate adjustment is made.

Adopted 12-16-81

13107. FUNDS.

13107.10 All money collected by or on behalf of a student body auxiliary organization shall be deposited in trust by the chief fiscal officer of the college. All such money shall be accounted for properly and, subject to the approval of the college president or designee and the appropriate officer of said organization, be deposited or invested in any one or more of the ways specified in Sections 76063 and 76064 of the Education Code.

The chief fiscal officer of the college shall be custodian of all unexpended funds and money collected by or on behalf of a student body auxiliary organization and shall provide the necessary accounting records and controls for such funds. These funds may be expended by the custodian only upon the submission of an appropriate claim schedule by officers of said organization.

13107.11 Trust funds shall be used specifically for the purpose designated in the instrument creating the trust.

Adopted 12-16-81

- 13107.12 Funds of an auxiliary organization shall be used of purposes consistent with District and college policy where applicable, and shall not be used:
- a. To support or oppose any candidate for public office, whether partisan or not, or to support or oppose any issue before the voters of this state or any subdivision thereof or any city, municipality, or local government entity of any kind.
 - b. To make personal loans for non-educationally related purposes, except that such loans may be made when specifically authorized by a trust instrument under which the funds were received.
- 13107.13 An indemnity bond shall be obtained by an auxiliary organization for its fiscal officer who is responsible for handling funds of the auxiliary organization.
- 13107.14 Grants, bequests, trusts, donations and gifts accepted by an auxiliary organization shall be maintained in accordance with policies and regulations established by the Chancellor.
- 13107.15 Funds derived by an auxiliary organization from indirect cost payments and which are not needed to provide adequate working capital, reserve funds for current operations, capital replacements, contingencies and adequate provisions for new business requirements shall be appropriated in a manner consistent with policies established by the District; uses of such funds shall be regularly reported to the Board of Trustees through the Chancellor.

Adopted 12-16-81

13107.16 No funds or resources, other than funds or resources derived from gifts or bequests, shall be transferred by the District, or by any college within the District, to any of its auxiliary organizations for the purpose of either avoiding laws or regulations which constrain community college districts or providing the District with an unfair advantage with respect to the application of any state funding mechanism. Such state funding mechanisms include, but are not limited to, general apportionment funding, capital outlay funding, Extended Opportunity Programs and Services funding, and funding for programs and services for handicapped students.

Adopted 12-16-81

13108. AUTHORITY AND RESPONSIBILITY OF AUXILIARY ORGANIZATIONS.

13108.10 Auxiliary organizations shall not offer courses or programs for which State funding is received.

13108.11 All services, programs and activities that may be undertaken by an auxiliary organization shall be maintained for the general benefit of the educational program of the District and its colleges. Upon Board of Trustee approval an auxiliary organization may assume any of the services, programs and activities listed in Board Rule 13101 in order:

- a. To provided the fiscal means and the management procedures that allow the college and/or District to carry on educationally related activities not normally funded by the State;
- b. To eliminate the undue difficulty that would otherwise arise under the usual governmental budgetary, purchasing and other fiscal controls; or

Adopted 12-16-81

- c. To provide fiscal procedures and management systems that allow effective coordination of the auxiliary activities with the college and/or District in accordance with sound business practices.

13108.12 The Chancellor shall decide, after consulting with the donor, whether a donor's proposed gift to the District should be accepted by the District or referred to an auxiliary organization. Gifts to the District or any college thereof shall be accepted under the provisions of Education Code Section 72241 or 72303. Gifts to an auxiliary organization shall be accepted as authorized by these Rules.

13108.13 An auxiliary organization may not enter into any contract or other business arrangement involving real property either by leases involving payments of more than \$25,000 per annum and duration terms of more than one year, or by purchase without prior notification and consultation with the Chancellor.

13108.14 Student loans, scholarships, stipends, and grants-in-aid shall only be given to currently admitted students. In no case shall the scholarship, stipend, or grant-in-aid exceed the amount necessary to cover books, school fees, and living expense, except as provided under Rule 13107.11. A record of such financial assistance shall be forwarded on a timely basis to the campus financial aids office and shall be documented on student financial aid recipient records kept in that office. All such financial assistance provided from student body organization funds shall be approved by the campus financial aids office before such funds are expended, and shall not exceed amounts to be provided under regulations of federal and state financial aid programs.

Adopted 12-16-81

- 13108.15 The District shall maintain a list of all auxiliary organizations in good standing.
- a. All auxiliary organizations which, after periodic review in manner specified by Board Rules 13109.11 and 13109.12, are found to be in compliance with applicable laws and regulations, shall be included on this list.
 - b. When the Chancellor has reason to believe that a particular organization should be removed from this list, he or she shall give the board of directors of such organization reasonable notice that a conference will be held to determine whether grounds for removal do in fact exist, and representatives of said board shall be entitled to be present at such conference and to be heard. Based upon such conference, the Chancellor shall decide whether a particular organization should be removed from the list. The Chancellor may remove such an auxiliary organization from said list, and may make such other provisions consistent with law as may be appropriate with respect to an auxiliary organization not included on said list. Such actions shall be reported to the Board of Trustees.

Adopted 12-16-81

13108.16 Payroll Deduction for Auxiliary Organizations. Auxiliary organizations formed and operating pursuant to this chapter may receive employee payroll deductions upon submission and District approval of their request and upon receipt by the District of an employee's revocable authorization. The Chancellor shall establish administrative procedures for the implementation of this section. Such procedures may include, but shall not be limited to the establishment of minimum participation levels and the number of authorizations or revocations an employee may request in any year.

Adopted 02-17-88

13109. RECORD KEEPING.

13109.10 Records and Annual Audit. An auxiliary organization shall maintain adequate records and shall prepare an annual report showing its operations and financial status as may be required by the Board of Governors or District.

Adopted 12-16-81

13109.11 Compliance Review by Chancellor. For an auxiliary organization serving the District, the Chancellor's designee shall inspect and review all auxiliary organization procedures and practices to determine compliance with policies, rules and regulations of the Board of Governors and the District, and make his/her recommendations to the Chancellor and the board of directors of the auxiliary organization regarding said procedures and practices. This shall be done at the end of the first complete year after approval and at least every three years thereafter. The decision of the Chancellor shall be made after he/she has invited comments from the board of directors of the auxiliary organization. Reports and statements shall cover all activities of the organization.

Adopted 12-16-81

13109.12 Compliance Review by College. For an auxiliary organization which primarily serves a single college, the Dean of Administrative Services shall inspect and review all procedures and policies to determine compliance with Education Code 72670 through 72682 and with policies, rules and regulations of the Board of Governors and the District, and policies of the college, and to make his or her recommendations to the president of the college and the governing board of the auxiliary organization regarding said procedures and policies. The decision of the president on the recommendations of the Dean of Administrative Services shall be made after he or she has invited comments from the governing board of the auxiliary organization. This review shall also determine compliance with any written agreement with the District and with the auxiliary organization's articles of incorporation and bylaws and shall be conducted on an annual basis.

Adopted 12-16-81

Amended 05-26-82

13109.13 Audit. Each auxiliary organization shall have an annual fiscal audit of any and all funds. The audit shall be performed by a certified public accountant in accordance with procedures prescribed by the Board of Governors, as contained in the California Community Auxiliary Organization Accounting and Reporting System. Copies of the annual audit report shall be submitted to the Board of Trustees and to the Board of Governor's Office within 30 days after it is received by the auxiliary organization. Thereafter it shall be a public record, except as otherwise provided by law. Such audits may be conducted as part of a fiscal audit of the District itself.

Adopted 12-16-81

Auxiliary organizations shall annually publish an audited statement of their financial condition which shall be disseminated as widely as feasible and be available to any person on request. A reasonable fee may be charged to cover the costs of providing a copy. When an auxiliary organization primarily serves a single college of the District, the auxiliary organization shall comply with this requirement by:

- a. Publishing the audited financial statement in a campus newspaper; or
- b. Publishing a notice in a campus newspaper indicating the on-campus location where copies of the financial statement may be obtained or reviewed; or
- c. Publishing or noticing the audited statement in accordance with Board Rules 13109.10 and 13109.11 in a campus bulletin or other appropriate medium if a campus newspaper is unavailable.

Adopted 12-16-81

13110. WRITTEN AGREEMENT. A written agreement between the Los Angeles Community College District and each auxiliary organization is required for the performance by such auxiliary organization of any of the services, programs and functions listed in Board Rule 13101. If any auxiliary organization performs more than a single service, program or function, then the written agreement may cover any number of the functions it performs or a separate agreement may cover each function performed.

The written agreement shall, among other things, provide for the following:

- A. The services, programs, or functions the auxiliary organization is to manage, operate or administer.

Adopted 12-16-81

- B. A statement of the reasons for administration of the functions by the auxiliary organization instead of by the District or college under usual District procedures.
- C. The areas of authority and responsibility of the auxiliary organization and the District or college.
- D. The facilities and services to be made available by the District or college to permit the auxiliary organization to perform the services, programs or functions specified in the written agreement.
- E. The charge or rental to be paid to the District by the auxiliary organization for the facilities used or services provided in connection with the performance of its function. The charge or rental specified shall not require involved methods of computation, and should be identified in sufficient time before it is incurred so that the organization may determine to what extent it shall be liable therefor.
- F. Full reimbursement to the District for services performed by the District or by District employees under the direction of or in support of the auxiliary organization.
- G. A simple but equitable method of determining in advance to what extent the organization shall be liable for indirect costs relating to federally-sponsored programs.
- H. The responsibility for maintenance and payment of operating expenses.
- I. Proposed expenditures for public relations or other purposes which would serve to augment District appropriation for operation of the District. With respect to expenditures for public relations or other purposes which would serve to augment District appropriations for operation of the District, the auxiliary organization may expend funds in such amount and for such purposes as are approved by the board of directors of the auxiliary organization.

Adopted 12-16-81

The board of directors shall file with the Chancellor a statement of such policy on accumulation and use of public relations funds for all auxiliary organizations. The statement shall include the policy and procedure on solicitation of funds, source of funds, amounts, and purposes for which the funds will be used, allowable expenditures, and procedures of control.

In case of an auxiliary organization serving a college of the District, the college president shall file such a statement with the Chancellor.

- J. The disposition to be made of net earnings derived from the operation of the auxiliary organization, including earnings derived from facilities owned or leased by the auxiliary organization, and provisions for reserves.
- K. The disposition to be made of net assets and liabilities on dissolution of the auxiliary organization or cessation of the operations under the agreement.
- L. The covenant of the auxiliary organization to maintain its organization and to operate in accordance with Sections 72670 through 72682 of the Education Code and with the regulations contained in Chapter 5 (commencing with Section 59520) of Division 10, Part IV of Title 5 of the California Administrative Code, as well as District Board Rules.

Adopted 12-16-81

13111. USE OF COLLEGE OR DISTRICT NAME. Except for student body associations organized and operating under Education Code Section 76060 et. seq., no organization may use the name of the Los Angeles Community College District or a community college of the District or otherwise represent a relationship with the Los Angeles Community College District or a college of the District unless it has been recognized and established as an auxiliary organization by the Board of Trustees and is in good standing with the District.

Adopted 12-16-81

13112. The Chancellor or his/her designee shall provide, and may from time to time revise rules and procedures for the administration of and in conformance with these Rules.

Adopted 12-16-81

13113. DEFINITIONS:

- A. Board of Directors. The term Board of Directors as used herein means the governing board of an auxiliary organization.
- B. Board of Trustees. The term Board of Trustees as used herein means the Board of Trustees of the Los Angeles Community College District.
- C. Board of Governors. The term Board of Governors as used herein means the Board of Governors of the California Community Colleges.
- D. Chancellor. The term Chancellor as used herein means the Chancellor of the Los Angeles Community College District or designee.
- E. District. The term District as used herein means the Los Angeles Community College District.

Adopted 12-16-81