AMENDED

LOS ANGELES COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
LEGISLATIVE & PUBLIC AFFAIRS COMMITTEE MEETING

Educational Services Center
Board Room – First Floor
770 Wilshire Boulevard
Los Angeles, CA 90017
Wednesday, January 24, 2018
3:00 p.m. – 4:15 p.m.

Committee Members
Mike Fong, Chair
Andra Hoffman, Vice Chair
Gabriel Buelna, Member
Maria Luisa Veloz, Staff Liaison
Marvin Martinez, College President Liaison
Renee D. Martinez, College President Liaison Alternate

Agenda
(Items may be taken out of order)

I. ROLL CALL

II. PUBLIC SPEAKERS*

III. NEW BUSINESS

A. Federal Update Report
   -Leslie Pollner, Holland & Knight LLP

B. State Community College Budget Update
   -Lizette Navarette, Vice President Community College League of California
   -Dr. Robert B. Miller, Vice Chancellor of Finance and Resource Development, LACCD

IV. OLD BUSINESS

V. DISCUSSION

VI. SUMMARY– NEXT MEETING .................................................................Mike Fong

VII. ADJOURNMENT

*Members of the public are allotted three minutes time to address the agenda issues.

If requested, the agenda shall be made available in appropriate alternate formats to persons with a disability, as required by Section 202 of the American with Disabilities Act of 1990 (42 U.S.C. Section 12132), and the rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, for whom, and when a request for disability-related modification or
accommodation, including auxiliary aids or services may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting. To make such a request, please contact the Executive Secretary to the Board of Trustees at 213/891-2044 no later than 12 p.m. (noon) on the Tuesday prior to the Committee meeting.
Memorandum

Date: January 17, 2018

To: LACCD Legislative & Public Affairs Committee

From: Holland & Knight LLP

Re: Federal Policy Update

This memo provides a brief overview of key issues impacting the Los Angeles Community College District, including:

- DACA
- Government Funding/Appropriations
- HEA Reauthorization

Judge Orders Federal Government to Resume Accepting DACA Renewals

Last week, San Francisco-based U.S. District Court Judge William Alsup reversed the Trump administration’s decision to phase out DACA. Under the court order, the administration must resume processing renewal applications. The order doesn’t, however, require the government to accept new DACA applications.

DACA advocates met this ruling with caution. The National Immigration Law Center said it would “strongly recommend” that DACA enrollees refrain from submitting applications until USCIS provides more details about the process. The American Immigration Lawyers Association hasn’t issued guidance to its members, but cautions that the lawsuit against DACA that prompted the court’s order remains active and that the situation could change in coming days and weeks.

The United States Citizenship and Immigration Services (USCIS) released a statement announcing that, until further notice, DACA will be operated on the terms in place before it was rescinded in September by President Trump.

The agency stated, “that people who were previously granted deferred action under the program could request a renewal if it had expired on or after Sept. 5, 2016. People who had previously received DACA, but whose deferred action had expired before Sept. 5, 2016, cannot renew, but can instead file a new request.” In addition, the agency said, “...the same instructions apply to anyone whose deferred action had been terminated.”
The administration is appealing the ruling to the 9th U.S. Circuit Court of Appeals. And, the Justice Department announced this week that it plans to seek direct Supreme Court review of the judge's ruling as well.

**Appropriations Update**

Lawmakers have until this Friday January 19th to finalize and FY 2018 omnibus spending bill. At this time, the most significant issue on the table is finding a fix for DACA. A bipartisan group of Congressional DACA supporters continue to negotiate a solution to be included as part of the omnibus package. Democrats continue to pledge to vote against an FY 2018 appropriations bill that does not include a DACA compromise.

This week, the House unveiled a Continuing Resolution (CR) that would extend government funding through February 16th to give Congress more time to work through these issues. In an effort to garner Democratic support, the CR also extends funding for the Children’s Health Insurance program (CHIP) for six years through FY 2023. The bill also delays several unpopular Affordable Care Act taxes. At this time, it is still uncertain as to whether the House’s CR can receive sufficient support from Democrats to pass the Senate.

**Bipartisan DACA Proposals Continue to Emerge**

Last Thursday, a bipartisan group of Senators led by Senators Durbin and Graham—along with Sens. Michael Bennet (D-CO), Jeff Flake (R-AZ), Cory Gardner (R-CO), and Bob Menendez (D-NJ)—announced they had reached a tentative deal on DACA. While bill text was never released (the group did not even release a one pager on the deal)—several elements have been leaked to the press. Among the key provisions:

- Young unauthorized immigrants who came to the US as children would get legal status — and eventual citizenship. The deal would provide for a 12-year pathway to citizenship. Those who have already been approved for DACA would receive a two year credit for holding DACA permits and would effectively have a 10-year path towards citizenship.

- Legalization wouldn’t just be open to the 690,000 immigrants who were protected under the DACA program when Trump started winding it down in September; it would also include immigrants who qualified for DACA and never applied (or whose protections expired without renewal), or who meet the requirements set forward in the bill, as well as immigrants under 15 who weren’t able to apply for DACA. And unlike DACA, it would be permanent.

- It prevents so-called “chain migration” by barring DREAMers from sponsoring their parents. Under the Graham-Durbin proposal, parents of DREAMers would be allowed to get a form of legal status that could be renewed every few years — but that would not, by itself, make them eligible for green cards. They wouldn’t be able to get green cards through their children who would be legalized under this bill, either. According to some reports, the bill would place a restriction on the immigrant parents rather than the (eventual US citizen) children, making it impossible for them to get sponsored for green
cards through their kids, which could be more punitive toward millions of immigrants than current law.

- The diversity visa lottery would be eliminated, and those 50,000 visas would be reallocated. The Congressional Black Caucus is very worried about the impact on African countries, which tend to benefit the most from the visa lottery.

- The deal would have included $1.6 billion for physical barriers, surveillance tech, and agent training — and another $1.2 billion for “other priorities” on border security.

On the House side, Congressmen Will Hurd (R-TX) and Pete Aguilar (D-CA) announced a bipartisan draft bill today to protect DACA recipients from deportation while increasing funding for border security. The legislation draws heavily from other proposed legislation, a conscious decision by the two congressmen to lean on language that has already been vetted by committees and lawmakers. The proposal includes H.R. 3479, to improve border surveillance and detection technology, develop a comprehensive southern border strategy, and provide grants to law enforcement agencies for equipment, personnel, and emergency communications. The draft also includes components of H.R. 1468, Recognizing America’s Children Act, which would cancel deportation for individuals who entered the country before age 16, have a high school diploma or GED, have been admitted to higher education, or have a valid work authorization, and have not been convicted of a crime. The bill would offer qualifying individuals the ability to get in line for a green card and eventual citizenship after years of conditional residency, provided they meet certain requirements, including a background check and work, education or military service requirements. The bill doesn't make explicit reference to sponsoring relatives, but the bill summary notes that existing law would prohibit parents of these individuals who came to the US illegally to apply for a visa to come back without returning to their home country for at least 10 years before applying and the bill does nothing to erase that requirement.

**Senate Education Committee Leadership Set Tentative HEA Reauthorization Timeline**

Senator Lamar Alexander (R-TN) and Senator Patty Murray (D-WA), Chair and Ranking Member of the Senate Health Education Labor and Pensions (HELP) Committee have begun bipartisan negotiations to draft HEA reauthorization. Specifically, sources say Alexander plans to spend the first three months of 2018 drafting a bill with the goal of bringing it to the Senate floor in April.

Advocates are skeptical of such an aggressive timeline. The Higher Ed community was caught off-guard in December when the House unveiled The PROSPER Act, legislation to reauthorize HEA with a mark-up and final vote soon after.

Senator Alexander continues to list FAFSA simplification as a top priority for reauthorization, an issue that has strong bipartisan support. However, Alexander and Murray will have to address several contentious issues, including proposals to lower college costs for students, how to hold colleges accountable for ensuring a student’s education leads to gainful employment, and discrimination and sexual assaults on campus.
In preparation for reauthorization discussion, the Senate Health, Education, Labor and Pensions Committee will hold a hearing on Thursday, January 18th to discuss “Reauthorizing the Higher Education Act: Financial Aid Simplification and Transparency. Witnesses will be:

Dr. Matthew Chingos  
Director  
Education Policy Program, Urban Institute  
Washington, DC

Ms. Joanna Darcus  
Massachusetts Legal Assistance Corporation Racial Justice Fellow National Consumer Law Center  
Boston, MA

Dr. Susan Dynarski  
Professor of Public Policy  
Education and Economics, University of Michigan  
Ann Arbor, MI

Ms. Laura Keane  
Chief Policy Officer  
Uaspir  
Philadelphia, PA

Dr. Russell Lowery-Hart  
President  
Amarillo College  
Amarillo, TX
Memorandum

January 10, 2018

TO: Chief Executive Officers
    Chief Business Officers

FR: Frances Parmelee, Assistant Vice Chancellor, College Finance and Facilities Planning
    Laura Metune, Vice Chancellor, Governmental Relations

RE: Governor’s January Budget Proposal

This morning Governor Brown released his budget proposal for the 2018-19 fiscal year\(^1\). According to the Department of Finance, the outlook for K-14 education is positive. While we will receive additional details in the coming days and weeks, below are the key highlights.

Proposition 98

The budget proposal provides $780 million in new Proposition 98 general fund spending for the California Community Colleges (CCCs). The state general fund is estimated to increase by approximately $5.8 billion, or approximately 4% in 2018-19. Proposition 98 is estimated to increase by approximately $3.1 billion, or approximately 4% in 2018-19. Traditionally the CCCs have received 10.93% of the Proposition 98 Guarantee. The 2016-17 and 2017-18 share were 10.99% and 10.93%, respectively. In 2018-19, the share is 10.93%.

Community College Budget Proposal

The Higher Education section of the Executive Summary focuses attention on some key priorities of the Governor, specifically continuing the commitment to keep student costs low, promote new technology and innovation, and improve graduation rates so that students achieve their educational goals. As you will see below, these priorities are reflected in many of the funding proposals, and align with the Vision for Success goals\(^2\).

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\(^1\) The Governor’s January budget proposal is available in full on the Department of Finance website at [http://www.ebudget.ca.gov/](http://www.ebudget.ca.gov/).

\(^2\) A comparison of the Governor’s budget proposal to the BOG-approved 2018-19 Budget and Legislative Request is attached for illustrative purposes. The 2018-19 Budget and Legislative Request is available at: [http://extranet.cccco.edu/Portals/1/ExecutiveOffice/Board/2017_agendas/September/2.4-System-Budget-Legislative-Request-Attachment.pdf](http://extranet.cccco.edu/Portals/1/ExecutiveOffice/Board/2017_agendas/September/2.4-System-Budget-Legislative-Request-Attachment.pdf)
Apportionments

- $175 million to support each districts’ transition to a student-centered funding formula. The proposed formula would allocate base funds for enrollment, and provide additional funding in support for low-income students, as well as reward colleges’ progress on increasing the number of certificates and degrees awarded. The proposed formula includes hold-harmless provisions.
- $161.2 million for a 2.51% COLA to apportionments.
- $60 million for 1% growth in access.

Educational Services

- $46 million to support the implementation of the California College Promise (AB 19). The Executive Summary specifically calls attention to the statutory structure of AB 19, which authorizes colleges to spend Promise funds on an array of activities in support of student access and completion goals. Additionally, the Administration establishes an expectation that CCC encourage students to take 15 units per semester or 30 units per year, including summer, to qualify for a Promise grant once guided pathways have been implemented.
- $32.9 million to support the consolidation of the Full-Time Student Success Grant and the Completion Grant programs, shift to a per-unit grant, and augment grant amounts. The proposed unit range would be between 12 and 15 units per semester or 24 and 30 units per year. Grant levels would increase based on the number of credits taken.
- $7.3 million for a 2.51% COLA for the EOPS, DSPS, CalWORKs and the Child Care Tax Bailout programs.

Online and Innovation

- $100 million (one-time) and $20 million (ongoing) to establish a fully online community college to provide critical educational and economic opportunities to specified adult working learners.
- $20 million for an Innovations Awards program to support innovations that close equity gaps. (one-time)

Workforce

- $30.6 million to fund shortfalls in related and supplemental instruction (RSI) reimbursements provided to K-12 and CCC-sponsored apprenticeship programs between 2013-14 and 2017-18. (one-time)
- $20.5 million for a COLA to the Adult Education Block Grant (AEBG) program.
- $17.8 million to reimburse K-12 and community college-sponsored apprenticeship programs for estimated instructional hours provided at a new RSI rate.
- $5 million to develop a unified dataset for adult learners served through K-12 and CCC AEBG consortia participants.
- $2 million to increase the number of certified nurse assistants being trained through the Strong Workforce program. (one-time)

Facilities and Equipment

- $275.2 million for the Physical Plant and Instructional Equipment programs. (one-time)
The Governor’s budget proposal includes five new Proposition 51 bond funded projects and 15 continuing projects. The Governor proposed to focus on projects that address critical health and safety needs as well as improving existing instructional infrastructure. The new projects include:

- Redwood’s Arts Building Replacement
- Mt. San Antonio’s New Physical Education Complex
- Laney’s Learning Resource Center
- Merritt’s Child Development Center
- Golden West’s Language Arts Complex Replacement

**Chancellor’s Office Staffing**

- $2 million of general fund to fill 15 vacant positions at the Chancellor’s Office to support initiatives and investment made in the CCCs. This additional support will allow the Chancellor’s Office to provide greater leadership and technical assistance to colleges.

**Budget and Policy Considerations**

With $780 million in new Proposition 98 funding for the CCCs, the Governor’s budget proposal represents a strong start to the budget season for our system. The Governor and his team continue to show tremendous support for the CCCs and our efforts to close equity gaps and improve student outcomes. As we begin the budget discussions with the Governor and the Legislature, here are a few thoughts to keep in mind:

- The Governor has made it clear he wants to see a more equitable and student centered funding formula than currently exists in our funding allocation model. While the Governor’s budget proposal represents significant change for our CCCs, the underlying framework provides additional resources to support overarching system goals aligned with the *Vision for Success* and recognizes the need for funding stability for our colleges. We look forward to more discussion on this proposal, and we will continue to keep you informed as we learn details.

- According to the Legislative Analyst’s Office’s estimates, between 2014-15 and 2020-21, pension costs for the CCCs will increase by over $670 million as the state reduces the gap between the assets and liabilities in PERS and STRS. While the Governor and the Legislature have not directed specific funding to support these shortfalls, the CCCs received $525 million over the prior three fiscal years to increase our apportionments base with the expectation that these funds cover pension costs. The Governor’s 2018-19 proposal continues this theme of flexible funding to colleges with the expectation that pension liabilities will be addressed locally.

- A significant proposal in the Governor’s budget is $100 million (one-time) and $20 million (ongoing) to establish a fully online community college to provide skills and credentials working Californians need to improve their social and economic mobility and move our state forward. This new, competency-based online college will be unlike any other public online education platform and will focus predominately on sub-associate degree credentials of value tailored to the needs of these working learners. This is an exciting opportunity to serve the millions of Californians who currently find themselves economically and educationally “stranded.” Detailed information regarding the proposal is available at www.ccconlinecollege.org.
• In 2017, Governor Brown signed AB 19 (Santiago), to create the California College Promise to increase the number of students enrolling in a community college directly from high school and completing a high-value degree or credential. For colleges that meet specified criteria, the bill authorizes colleges to provide up to one-year tuition waiver for full-time, first-time students. We are pleased that the Governor’s budget proposes to fully fund this important program. More information regarding the requirements and allowances of the California College Promise can be found on the Chancellor’s Office website, here.

• Improving transfer continues to be a priority for the Administration. Last year, the Department of Finance suggested that the University of California (UC) Office of the President work with the Chancellor’s Office to improve transfer pathways consistent with the Associate Degree for Transfer program. The Governor’s budget further proposes changes to support transfer pathways for our students, and establishes expectations in the Cal Grant Program that private, non-profit institutions to make commitments to increase transfers and align with the Associate Degree for Transfer program.

• The Governor’s budget proposal includes a number of transitions in K-12, including full implementation of the Local Control Funding Formula and a focus on career education in the K-12 system. The Governor’s budget proposes more alignment in career education across schools and community colleges, providing a role for the established infrastructure in the Strong Workforce Program.

Next Steps

The next steps in the budget process will be collecting input from system stakeholders, a review by the Legislative Analyst’s Office, and an initial round of budget subcommittee hearings prior to the release of the May Revision. We will continue to provide updates along the way, but feel free to reach out to us with any questions, comments, or concerns related to the Governor’s budget proposal.
2018-2019 GOVERNOR’S PROPOSED BUDGET

Legislative and Public Affairs Committee
01/24/18
Governor’s Proposed Budget Highlights

• New CCC Funding Formula

  • The Governor proposes $175 million to fund the transition of community colleges to a new Student-Focused Funding Formula for general apportionments similar to the K-12 Local Control Funding Formula (LCFF)
  • Base Grant (50% of funding) - based on enrollment using a per full-time equivalent student (FTES) funding rate, similar to the current general apportionment calculation
  • Supplemental Grant (25% of funding) - based on the number of low-income students who receive a College Promise Grant (formerly Board of Governors) fee waiver or Pell Grant
  • Student Success Incentive Grant (25% of funding) - based on the number of degrees and certificates granted and the number of students completing them in three years or less, with additional funds for each Associate Degree for Transfer granted
Governor’s Proposed Budget Highlights

• The proposed Student-Focused Formula includes a hold harmless provision that ensures that no district receives less funding in 2018-19 than is allocated through the general fund apportionment in 2017-18.

• In subsequent years, the hold-harmless provision (LACCD proportionate share – not yet known) is determined based on 2017-18 per-FTES general apportionment funding multiplied by the FTES for the year for which funding is being calculated. Per DOF, COLA will not be applied to the on-going $175 million transitional funding.

• The Governor has also requested the Chancellor’s Office to consult with stakeholders to develop a proposal to consolidate categorical programs in time for the May revision. This is focused primarily on the Student Support Success Program, Student Equity Program, Basic Skills Initiative and others.
Governor’s Proposed Budget Highlights

- Other General Apportionment
  - $161.2 million increase to fund the estimated 2.51% statutory cost-of-living adjustment (COLA)
  - $60 million increase to fund 1% growth
  - $73.7 million decrease to reflect unused 2016-17 growth
  - $20.5 million for a COLA for the Adult Education Block Grant program, along with $5 million for a shared data collection and accountability system
  - $17.8 million in ongoing funds for K-12 and community college apprenticeship programs
  - $30.6 million in one-time funds to backfill shortfalls in the reimbursements provided from 2013-14 through 2017-18
  - $2 million to fund certified nursing assistant programs
Governor’s Proposed Budget Highlights

• Other Programs
  • $275.2 million in one-time funds for deferred maintenance and instructional equipment
  • $46 million to support the implementation of the California College Promise program
  • $44.9 million in Proposition 51 bond funds
  • $32.9 million to consolidate the Full-Time Student Success Grant and the Completion Grant programs
  • $20 million in one-time funds for the Innovation Awards program for grants
  • $7.3 million to fund the 2.51% COLA for DSPS, EOPS, CalWorks and Child Care Tax Bailout programs
  • $2 million for the State Chancellor’s Office
Funding Formula

- We now have an opportunity to rethink how we are deploying the nearly $9 billion to CA CCs.
- CEOs/CBOs/CIOs/CSSOs will do this. Reduce the sole reliance on enrollment growth. Everything we do is wrapped around the current formula.
- He understands how any change is scary and stated we cannot continue to play the games we do in all our communities. Current funding model forces us to cannibalize each other. The incentives need to be aligned in support of completion; funding model must focus on completion; the current funding model does not support a more educated workforce.
- Governor, DOF and legislative leadership is confident that Community Colleges have the ability to focus on completion. Reward good work.
- How do we improve student outcomes and how do we deploy $9 billion to make that happen? Forces questions about FON, 50% law, categorical programs and provides opportunities to fully engage and support Guided Pathways.
Chancellor Oakley Comments – ACBO Budget Conference – January 17, 2018

• Funding Formula

• Goal is not to penalize but instead reward transition to new funding formula.
• Recession will happen — this is our opportunity to change formula while there is money to fund the transition.
• Increase in base dollars over last few years is to fund long term costs — take a hard look at balance sheet, enrollments, PERS/STRS, etc. There is a lot of red ink out there. He will send teams to review. Make the needed corrections now; don’t wait for the crisis to hit.
• Encourage field to talk to legislators about stabilizing funding to get us through the next recession. Do all we can to bring the 114 colleges together.
• New Funding Formula is a major goal of the state Chancellor, DOF and Governor. This alignment has not happened before.
• We can’t have it both ways — 72 Districts and a state CC system. Chancellor Oakley wants the former but if we don’t get this right, a centralized Community College System could happen.
Proposed 115th Online California Community College

• Accredited and Operated by the California Community College State Chancellor’s Office

• Board of Trustees – California Community Colleges System Board of Governors
Proposed 115th Online California Community College

- The Governor proposes $120 million ($20 million ongoing) to create a fully online community college
  - Focus on vocational training, career advancement opportunities, and credentialing for careers in
    - Child development
    - The service sector
    - Advanced manufacturing
    - Healthcare
    - In-home supportive services
    - And others
  - The enrollment focus is the 2.5 million working adults that are not currently accessing higher education
Proposed 115th Online California Community College

• Apportionment funding for the fully online college would take into account student enrollment and the number of underrepresented students enrolled in the college
• Question - How is apportionment allocated and to where?
• The online college will focus on student success – workforce certificates, specific skills and job advancement
• The college will not impact traditional community colleges’ enrollment because its enrollment base will be working adults that are not currently accessing higher education.
• Term used – Sub-Associate Degree Programs
• Online — Sub-Associate Degree Programs — Partner with Strong WorkForce Colleges – the design of the Online College will be worked through with our constituent groups and supporters. No intention to compete with any of the 114 colleges. We want to do something very different.

• The Online College is meant to pullback from the traditional community college calendar and populations and reach a group of Californians in desperate need of job skills. Competency based, available 24/7, partner with business, industry and employers. Provide those stuck in their jobs or lack of job with the opportunity of promotion and wage gains. Innovation will drive the college.
We will learn a great deal and have much to share with the 114 colleges — Goal — faculty awareness of new technology and delivery. A space of innovation. A sandbox to experiment. An opportunity to look at the existing regulatory framework and align it with new delivery strategies.

California is the number one for-profit online college education market. We want to create a public alternative; affordable and quality driven.

We are going to work through this over the course of the next few months. We look forward to working with the system to develop a win-win for all.
# Governor’s 2018-19 Budget and Impact to LACCD

**January 10, 2018**

<table>
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<tr>
<th>Description</th>
<th>Final Signed Budget 2017-18</th>
<th>Governor’s January Proposal 2018-19</th>
<th>Governor’s May Revise 2018-19</th>
<th>Final Signed Budget 2018-19</th>
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[1] Subject to change; pending information from State Chancellor’s Office.
[2] Projected amount is based on the proportional share of LACCD FTES to the State system, currently 9.5%.
[3] LACCD projected amount based on FTES share; could be grant based.
[4] Currently 1% growth is not likely for LACCD and is not included on 5 year forecasts.
# LOS ANGELES COMMUNITY COLLEGE DISTRICT
## LONG-RANGE FINANCIAL PLANNING
### 5-YEAR Financial Forecast
(Includes SRP adjustments)

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</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State General Apportionment Revenue</td>
<td>$495,526,562</td>
<td>$526,528,290</td>
<td>$550,977,491</td>
<td>$566,140,612</td>
<td>$548,163,218</td>
<td>$568,018,857</td>
</tr>
<tr>
<td>Education Protection Act (EPA-Prop 55)</td>
<td>$82,795,554</td>
<td>$78,197,464</td>
<td>$78,197,464</td>
<td>$78,197,464</td>
<td>$78,197,464</td>
<td>$78,197,464</td>
</tr>
<tr>
<td>Non-Resident</td>
<td>$12,478,647</td>
<td>$11,452,459</td>
<td>$11,739,910</td>
<td>$12,022,848</td>
<td>$12,399,487</td>
<td>$12,399,487</td>
</tr>
<tr>
<td>Apprenticeship</td>
<td>$158,273</td>
<td>$163,431</td>
<td>$663,431</td>
<td>$663,431</td>
<td>$663,431</td>
<td>$663,431</td>
</tr>
<tr>
<td>Dedicated Revenue</td>
<td>$9,320,123</td>
<td>$6,753,516</td>
<td>$6,753,516</td>
<td>$6,753,516</td>
<td>$6,753,516</td>
<td>$6,753,516</td>
</tr>
<tr>
<td>Other State</td>
<td>$35,868,744</td>
<td>$27,297,674</td>
<td>$24,297,674</td>
<td>$24,297,674</td>
<td>$24,297,674</td>
<td>$24,297,674</td>
</tr>
<tr>
<td><strong>TOTAL RESOURCES</strong></td>
<td>$640,584,230</td>
<td>$669,586,016</td>
<td>$677,062,027</td>
<td>$692,508,079</td>
<td>$674,867,325</td>
<td>$694,722,965</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificated Salaries</td>
<td>$282,468,123</td>
<td>$288,589,390</td>
<td>$286,404,714</td>
<td>$298,806,714</td>
<td>$298,806,714</td>
<td>$298,806,714</td>
</tr>
<tr>
<td>New Faculty Hires</td>
<td>0</td>
<td>0</td>
<td>$12,402,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Non-Certificated Salaries</td>
<td>$127,441,595</td>
<td>$130,727,145</td>
<td>$132,726,277</td>
<td>$132,726,277</td>
<td>$132,726,277</td>
<td>$132,726,277</td>
</tr>
<tr>
<td>Employee Benefits [1]</td>
<td>$139,247,170</td>
<td>$153,000,000</td>
<td>$179,986,517</td>
<td>$188,134,569</td>
<td>$193,483,423</td>
<td>$203,021,025</td>
</tr>
<tr>
<td><strong>Subtotal Salary &amp; Benefits</strong></td>
<td>$549,156,888</td>
<td>$572,316,535</td>
<td>$611,519,509</td>
<td>$619,667,560</td>
<td>$624,996,414</td>
<td>$635,154,016</td>
</tr>
<tr>
<td>Salary &amp; Benefit %</td>
<td>83%</td>
<td>82%</td>
<td>84%</td>
<td>84%</td>
<td>84%</td>
<td>83%</td>
</tr>
<tr>
<td>Books &amp; Supplies</td>
<td>$4,470,429</td>
<td>$6,572,193</td>
<td>$7,147,195</td>
<td>$7,319,442</td>
<td>$7,524,387</td>
<td>$7,762,910</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>$74,887,859</td>
<td>$89,281,556</td>
<td>$78,802,991</td>
<td>$81,077,594</td>
<td>$83,666,901</td>
<td>$85,580,052</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>$7,596,689</td>
<td>$6,781,603</td>
<td>$6,951,821</td>
<td>$7,119,360</td>
<td>$7,318,702</td>
<td>$7,550,705</td>
</tr>
<tr>
<td>Interfund Transfer</td>
<td>$20,054,324</td>
<td>$20,895,312</td>
<td>$21,419,784</td>
<td>$21,936,001</td>
<td>$22,550,209</td>
<td>$23,265,051</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>$657,841,299</td>
<td>$697,429,041</td>
<td>$727,052,806</td>
<td>$738,360,661</td>
<td>$747,327,218</td>
<td>$761,613,960</td>
</tr>
<tr>
<td><strong>NET REVENUES LESS EXPENDITURES</strong></td>
<td>$69,507,214</td>
<td>$65,492,275</td>
<td>$55,073,845</td>
<td>$50,401,802</td>
<td>$47,412,157</td>
<td>$50,603,203</td>
</tr>
</tbody>
</table>

### FUND BALANCE

| Beginning Fund Balance (Includes PY adj) | $130,325,339 | $113,151,933 | $85,308,908 | $35,318,129 | $10,534,453 | $82,994,346 |
| **Net Revenues Less Expenditures** | $(17,257,069) | $(27,843,025) | $(49,990,779) | $(45,852,582) | $(72,459,893) | $(66,890,995) |
| **Ending Fund Balance** | $113,068,270 | $85,308,908 | $35,318,129 | $(10,534,453) | $(82,994,346) | $(149,885,341) |
| Fund Balance % of Revenue (to determine salary increase) | 17.7% | 12.7% | 5.2% | -1.5% | -12.3% | -21.6% |
Fiscal Headwinds

Additional Costs

- Pension Costs - deferred pension cost obligations (potentially $53m accumulated from FY 2014-15 through 2023-24)
- 3rd Year of Labor Contract - $12.7 million in 2019-20
- Health Costs (2.5%) - $2 million per year
- Faculty Obligation Number (FON) – SRP hires

Exacerbated by

- Governor’s Proposed CCC Funding Formula – Could be Positive or Negative – will not know with relative certainty until the May revise
- Deficit Spending ($17m in 2016-17 and projected over next 5 years)
- New Construction - Total Cost of Ownership
- WSCH/FTEF (486 vs 525 or greater)
- Decentralized model vs centralized services (explore shared staffing and procurement)
- SRP rehire & general hiring – Too Aggressive?
- New SIS system
- OPEB (SRP)
## Cost of Labor Contracts

**July 1, 2017 through June 30, 2020**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary Increase @ 2.0% each year or COLA % (if greater) $^{[1]}$</td>
<td>9,210,837</td>
<td>11,849,834</td>
<td>11,663,310</td>
<td>32,723,981</td>
</tr>
<tr>
<td>Additional Step on Adjunct Salary Table</td>
<td>1,100,000</td>
<td>1,100,000</td>
<td>1,100,000</td>
<td>3,300,000</td>
</tr>
<tr>
<td>30% of Growth $^{[1]}$</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase in District Contribution to Adjunct Health Plan $^{[2]}$</td>
<td>163,620</td>
<td>199,980</td>
<td>236,340</td>
<td>599,940</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Total Permanent Increase</strong></th>
<th>10,474,457</th>
<th>13,149,814</th>
<th>12,999,650</th>
<th>36,623,921</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRA @ $1,500 per employee per year</td>
<td>5,953,500</td>
<td>5,953,500</td>
<td>5,953,500</td>
<td>17,860,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Total One-time (expires with contract) Increase</strong></th>
<th>5,953,500</th>
<th>5,953,500</th>
<th>5,953,500</th>
<th>17,860,500</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Three Year Contract</strong></td>
<td>16,427,957</td>
<td>19,103,314</td>
<td>18,953,150</td>
<td>54,484,421</td>
</tr>
</tbody>
</table>

$^{[1]}$ Raises will not occur if the District Reserves fall below 10%.

$^{[2]}$ District contribution of $350/month in 2017-18; $360/month in 2018-19; $370/month in 2019-20

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>COLA (source: Gov Bud for 2018-19; School Services of California for 2019-20)</td>
<td>1.56%</td>
<td>2.51%</td>
<td>2.41%</td>
</tr>
<tr>
<td>Growth</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>
### FY 2016-17 LACCD Expenses

<table>
<thead>
<tr>
<th></th>
<th>Assumptions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HRA</td>
<td>3,969 employees @ $1,500/yr</td>
<td>6,000,000</td>
</tr>
<tr>
<td>1% Salary Increase</td>
<td>2016-17 Total Salary *1% (plus statutory benefits)</td>
<td>4,600,000</td>
</tr>
<tr>
<td><strong>Monthly</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly General Fund Unrestricted Salary</td>
<td>Avg of 2016-17 Annual Salary</td>
<td>34,200,000</td>
</tr>
<tr>
<td>Monthly General Fund Unrestricted Employee Benefits</td>
<td>Avg of 2016-17 Annual Benefits</td>
<td>11,600,000</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>45,800,000</strong></td>
</tr>
<tr>
<td>Monthly Total Salary, all Funds</td>
<td>Avg of 2016-17 Salaries, all Funds</td>
<td>43,200,000</td>
</tr>
<tr>
<td>Monthly Total Employee Benefits, all Funds</td>
<td>Avg of 2016-17 Employee Benefits, all Funds</td>
<td>15,300,000</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>58,500,000</strong></td>
</tr>
<tr>
<td>Monthly General Fund Unrestricted Operating Cost</td>
<td>Avg of 2016-17 supplies, other exp, and cap outlay expenses</td>
<td>7,200,000</td>
</tr>
<tr>
<td>Monthly Overall Operation Cost (General Fund, Categorical, SFP)</td>
<td>Avg of 2016-17 Salaries, Benefits, Supplies, Other Exp, and Cap. Outlay EXCLUDES Bond (Fund 9) and Financial Aid Fund (Fund 2)</td>
<td>74,800,000</td>
</tr>
</tbody>
</table>