

Los Angeles Community College District
College Debt Repayment Policy
(Board Approved Sept 4, 2019)

College deficits are cumulative loans to be paid back beginning one year after incurring the deficit.

1. Limit annual college debt repayment obligation to 1% of the college's Final Budget allocation.
2. Reduce debt through progress on Revenue/Expenditure Metrics. If a college ends the year with a positive balance, they will be entitled to reduce their debt balance by the same amount of that balance, provided that they end the following fiscal year positive as well.
3. Colleges that have outstanding debt repayments that exceed 3% of their Final Budget allocation may receive relief from debt repayments under the following conditions:
 - a. College must balance its budget for at least three consecutive years while meeting its FTES obligation;
 - b. College has submitted a reasonable, multi-year plan for maintaining a balanced budget and meeting its enrollment target for the duration of its repayment period;
 - c. College has paid its annual debt according to its repayment plan;
 - d. College has paid off or reduced through item 2, 50% or more of its total debt; thereafter, college may petition to the District Budget Committee to review and make a recommendation to the Chancellor to waive the remaining debt.
4. One-year suspension of the college debt repayment will be given when a new president begins their first term as either an interim president or permanent president at that college to allow them time to plan and address the college fiscal issues.
5. The Board may decide to take additional measures to address unusual circumstances that may contribute to pervasive college debt.