

STANDARD III.D: FINANCIAL RESOURCES

Financial resources are sufficient to support student learning programs and services and to improve institutional effectiveness. The distribution of resources supports the development, maintenance, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. Financial resource planning is integrated with institutional planning.

DESCRIPTIVE SUMMARY

The financial resources of Los Angeles Mission College (LAMC), one of the nine colleges of the Los Angeles Community College District (LACCD), are composed of several funds. Each of these funds is a separate fiscal and accounting entity structured to account for different categories of activities that contribute to the achievement of LAMC's mission, strategic goals, and overall operations.

The Unrestricted General Fund is the main source of funding to support the principal operations and achievement of the College's goals and objectives. This fund reflects unrestricted economic activity in the form of revenues and expenditures which create the foundation for the instructional programs, instructional support services, student services, maintenance and operations, fiscal, business, and institutional services that make possible the attainment of the College's mission. Starting in fiscal year 2006/2007, the allocation of these funds to the College was determined by an allocation mechanism called the Senate Bill (SB) 361 Funding Formula, which parallels the state's Full-Time Equivalent Students (FTES) driven model. District colleges received a basic allocation based on college size. LAMC, along with the other three smallest colleges of the District (Harbor, Southwest, and West), received a supplemental basic allocation of \$553,591. All available state general apportionment revenues were allocated to the colleges at the state-funded rates for credit FTES, noncredit FTES, and enhanced noncredit FTES. Revenue sources in the College budget allocation include state apportionment, lottery, part-time faculty parity, non-resident tuition, enrollment fee administrative allowance, and other locally generated college revenues (III.D-1). The SB 361 allocation model utilized a chargeback system of assessment per full-time equivalent student (\$/FTES) to fund the District Office, District wide regulatory costs, and contingency reserve. These assessments are charged back to all nine District colleges. Repayment for operating deficits or carryover balances incurred in prior year(s), as well as open orders, were also factored in to derive the College's final budget allocation.

In 2010 the Executive Committee of the LACCD Budget Committee commenced a review of the SB 361 funding formula to address funding disparities among LACCD colleges. This review was initiated partly in response to recommendations from the Accreditation Commission for Community and Junior Colleges (ACCJC) and the State Controller's Office. To address the funding needs for each LACCD college and the impact of the steep state budget reductions in recent years, the Chancellor and the District Fiscal Policy Review Committee conducted the study and review of the SB 361 Allocation Model. The committee found that, although the SB 361 allocation model took into consideration the economies of

scale and sizes of the colleges, it had not been able to adequately address the needs of smaller colleges and to an extent had contributed to the large variance in the fiscal conditions of the individual LACCD colleges. Among the findings, the study revealed that over time SB 361 does not provide the required base funding for minimum administrative staff and maintenance and operations costs, disadvantaging smaller colleges and colleges with more square footage.

To help remedy the inequities of the SB 361 Allocation Model, a new College Basic Allocation model was devised which includes funding for minimum administrative staffing and maintenance and operations (M&O) costs. This new allocation model was adopted by the Board in June 2012 to take effect at the start of fiscal year 2012/2013 (III.D-2). Based on the new allocation model, the College operating budget includes a minimum base funding of \$5,650,248. The District sets aside transition funding from District reserves to mitigate any adverse impact to an individual college that experiences a reduction in its 2012-2013 allocation as a result of the implementation of this change. As a result of the new College Basic Allocation model, for the fiscal year 2012/2013 final budget, LAMC received a funding increase of \$532,990, as part of its Minimum Base Funding of \$5,650,248. The College utilized a portion of this additional money to fund the hiring of six new classified maintenance and operations staff and a replacement due to retirement to adequately maintain the new buildings, ensure safety, and prevent potential liabilities.

Prior to the recent state budget reductions, Los Angeles Mission College was able to accrue FTES growth from 2006/2007 through 2010/2011 (III.D-3, III.D-4) and accumulated a budget balance of approximately \$1.4 million. This achievement was the result of a combined effort of strategic enrollment management and cost management. The state economic downturn which began in 2008 brought about budget cuts that impacted the operations of the District and its colleges in many ways. The lack of adequate state support has led to annual budgets which do not provide resources sufficient to meet the needs of the College's current enrollment. One result of this was that many LAMC students resorted to taking classes elsewhere, as the College was not able to offer the level of course sections it had in previous years.

LAMC's unrestricted general fund budget for the fiscal year 2011/2012 was approximately \$26.7 million. The College's 2012/2013 final budget allocation, which includes a state apportionment funding reduction of 7.285% (III.D-1), reflects a 2012/2013 budget of \$3.27 million less than at the end of the prior year. Given the uncertainty of the outcome of the November 2012 tax initiatives and to remain fiscally prudent, the College had planned to further reduce class offerings and temporarily suspend some programs, restrict hiring, and freeze purchasing to minimize the impact on other programs and services. The biggest challenge would have been the possibility of having to implement a reduction of 170 sections from the prior year to maintain a balanced budget. Reduction at this level would have presented a major challenge to meeting the College's funded base.

Table 1 illustrates the difference between expenditures and budgets and balances for the past six years. Fiscal year 2012/2013 reflects the planned 7.285% apportionment funding reduction had the tax initiative failed. The budget as presented is a combination of budget allocation, self-generated (dedicated) revenues (III.D-5), prior year's fund balance carryover and includes adjustments after the final budget such as the addition of contractual education

activities, donations, and District subsidized funding associated with faculty hiring to meet the FON (full-time obligation) requirement.

TABLE 1 LOS ANGELES MISSION COLLEGE ANNUAL BUDGET BEFORE RESTORATION (2007-13)					
Fiscal Year	Expenditures*	Budgets*	Unrestricted Surplus/ (Shortfall)	Other Adjustments	College's Balance (if Tax Initiative Fails)
2007-08	\$27,244,714	\$27,964,568	\$719,855	-\$389,437	\$330,418
2008-09	\$27,346,181	\$27,991,603	\$645,422	-\$144,110	\$501,312
2009-10	\$25,928,556	\$26,972,836	\$1,044,280	-\$72,010	\$972,270
2010-11	\$26,687,152	\$28,124,023	\$1,436,871	-\$22,970	\$1,413,901
2011-12	\$26,226,467	\$26,728,733	\$502,266	-\$272,861	\$229,405
2012-13*	\$26,498,461	\$23,885,918	-\$2,612,543	-\$250,000	-\$2,862,543

*December 2012 Projections. 2012-13 Budget at @7.285% workload reduction.

TABLE 2 LOS ANGELES MISSION COLLEGE ANNUAL BUDGET AFTER RESTORATION (2011-13)					
Fiscal Year	Expenditures*	Budget with Restoration*	Unrestricted Surplus/ (Shortfall)	Other Adjustments	College's Balance (w/Restoration)
2011-12	\$26,226,467	\$26,728,733	\$502,266	-\$272,861	\$229,405
2012-13*	\$26,498,461	\$26,600,939	\$102,478	-\$250,000	-\$147,522

*December 2012 Projections

On November 6, 2012, California voters cast ballots to support Proposition 30, The Schools and Local Public Safety and Protection Act. As a result of the passage of Proposition 30, Los Angeles Community College District projects to receive an estimated revenue inflow of \$78 million from the state to include \$31.3 million funding restoration related to the 7.285% workload reduction, \$3.9 million for .91% funded growth, and \$15 million reduction in cash deferral. There are restrictions on how Proposition 30 money can be used; for example, the revenue cannot be used for salaries and benefits of administrators or any administrative costs. LAMC anticipates receiving \$2,115,782 in restoration of the 7.285% workload reduction (\$1,881,573) and .91% funded growth (\$234,209). Table 2 shows LAMC's 2012/2013 projected budget balance with restoration funding.

The College does not plan further course reductions beyond the 100 three-standard hour sections already implemented in the fiscal year 2012-13. LAMC's 2012/13 unrestricted

budget with budget restoration is about \$26.6 million, slightly less than in 2011/2012, and the College is projecting a small negative balance for 2012/2013. The College continues to diligently monitor spending and to continue containing costs without hurting the operation while providing accessible, high-quality learning opportunities to the diverse communities it serves.

The College, on average, has fixed costs which account for 98% of the budget, of which 92% is for personnel salaries and benefits expenditures and 6% for utilities and housekeeping costs (III.D-6). This leaves just 2% of the budget for discretionary funds to allow the College to fund extra programs and projects to further support the College's institutional goals. The last year LAMC had a year-end deficit was in 2005/2006. The two major reasons attributed to this deficit were the increased operating costs and declining enrollment that began in 2003/2004. The College took immediate action to correct these problems and returned to financial stability with sufficient resources effectively aligned with educational purposes and objectives set forth in the Strategic and Educational Master Plans.

TABLE 3
LAMC UNRESTRICTED EXPENDITURES BY CATEGORY***
***Dollars in Thousands

	2007/08 % Total	2008/09 % Total	2009/10 % Total	2010/11 % Total	2011/12 % Total	2012/13 (Projected) % Total
Certificated Salaries	\$ 15,485 56.8%	\$ 14,847 54.3%	\$ 13,469 51.9%	\$ 13,684 51.3%	\$ 12,726 48.5%	\$ 12,500 46.7%
Non-Certificated Salaries	5,481 20.1%	5,936 21.7%	5,943 22.9%	6,063 22.7%	6,054 23.1%	6,061 22.7%
Benefits	4,468 16.4%	4,872 17.8%	4,741 18.3%	5,096 19.1%	5,428 20.7%	5,790 21.6%
Books/Supplies/ Printing	302 1.1%	276 1.0%	319 1.2%	339 1.3%	327 1.2%	270 1.0%
Operating Expenses	1,400 5.1%	1,348 4.9%	1,364 5.3%	1,398 5.2%	1,621 6.2%	1,981 7.4%
Capital Outlay	27 0.1%	16 0.1%	36 0.1%	23 0.1%	19 0.1%	20 0.1%
Other	81 0.3%	51 0.2%	56 0.2%	84 0.3%	51 0.2%	125 0.5%
Total	\$ 27,245 100.0%	\$ 27,346 100.0%	\$ 25,929 100.0%	\$ 26,687 100.0%	\$ 26,226 100.0%	\$ 26,748 100.0%

*December 2012 Projections of \$26,748 thousands include other adjustments or projected \$250 thousands categorical backfill from unrestricted programs.

While the College has been rather successful at operating within its budget constraints, the 2011/2012 fiscal year presented a challenge given the significant reduction in state apportionment funding. The College operating budget declined 5% or \$1.4 million to \$26.7

million from \$28.1 million in fiscal year 2010/2011 (Table 1). The College was able to realize a significant reduction in spending by decreasing course offerings and carefully containing operating costs to mitigate the risk of overspending. In addition, the College tapped the \$1.4 million balance carryover from 2010/2011 and used approximately \$1 million from the reserve.

To cope with the severe budget reductions, the LACCD implemented a hiring freeze for most positions. However, the District and the College are committed to be in compliance with the FON (full-time obligation number) requirement (III.D-7). In 2012/2013 LAMC fulfilled its share of the FON obligation with the hiring of five regular instructors and one transfer counselor.

The College brought forward an unrestricted balance of \$229,405 to fiscal year 2012/2013. The continuing challenge is the significant reduction of categorical program budget allocations that began in fiscal year 2009/2010 and the backfill required from unrestricted funds (Table 1 Other Adjustments). The deficit spending of categorical and Specially Funded Programs in fiscal year 2011/2012 required a backfill of \$246,658 from unrestricted programs (III.D-8). The District and LAMC would have faced more fiscal challenges had Proposition 30, The Schools and Local Public Safety and Projection Act, not passed and state funding been further reduced. Given the uncertainty of the tax initiative outcome, the College developed and submitted a contingency reduction plan in the event the tax initiative had failed to manage the budget shortfalls (III.D-9) while minimizing disruption to its operations and educational mission and Student Learning Outcomes.

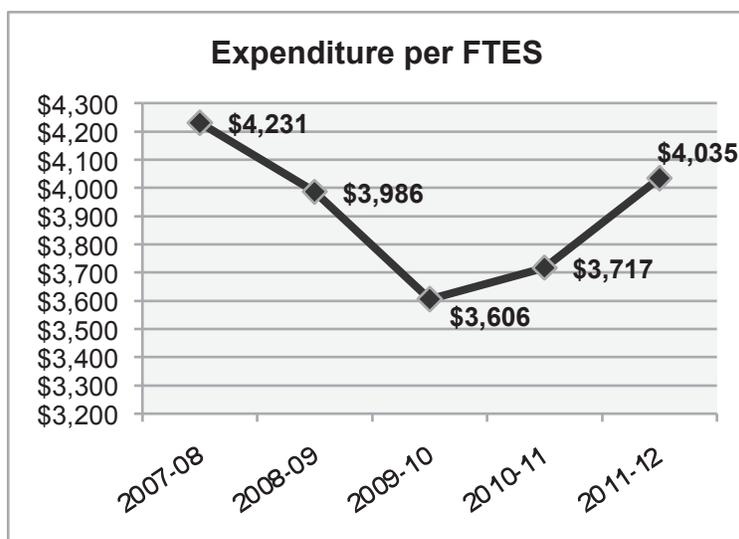
**TABLE 4
LAMC CREDIT AND NONCREDIT ENROLLMENT IN
FULL-TIME EQUIVALENT STUDENTS (FTES)**

Fiscal Year	Credit Resident	Noncredit Resident	Resident Total	Non Resident Credit	Total FTES
2002-2003	5,383	1,476	6,859	136	6,995
2003-2004	4,918	926	5,844	105	5,949
2004-2005	5,291	267	5,558	101	5,659
2005-2006	4,487	237	4,724	89	4,813
2006-2007	5,168	316	5,484	133	5,617
2007-2008	5,979	265	6,244	195	6,439
2008-2009	6,388	266	6,654	206	6,860
2009-2010	6,711	292	7,003	188	7,191
2010-2011	6,688	313	7,001	178	7,179
2011-2012	6,035	323	6,358	142	6,500

Through enrollment management efforts, including careful planning in consultation with department chairs, deans, the Vice President of Academic Affairs, and alignment of course

offerings with student demand, the College was able to increase average class size. More importantly, the efforts introduced ways to effectively strengthen the linkage between planning and budget. By implementing the measures, the College continued to increase enrollment while controlling expenditures, and it was able to achieve a healthy unrestricted reserve (III.D-10). Savings were mostly realized from the improvement in instructional efficiency and productivity.

FIGURE 1. LAMC EXPENDITURES PER FULL-TIME EQUIVALENT STUDENTS (2007-2012)



**TABLE 5
LAMC UNDUPLICATED ANNUAL HEADCOUNT***

Fiscal Year	Credit		Non-Credit		Total
	Resident	Non-Resident	Resident	Non-Resident	Cr/NCr Headcount
2002-2003	12,886	368	414	508	14,176
2003-2004	11,245	212	271	432	12,160
2004-2005	11,957	239	33	427	12,656
2005-2006	11,468	237	85	376	12,166
2006-2007	12,852	453	22	628	13,955
2007-2008	15,240	748	150	1,173	17,311
2008-2009	15,985	766	482	1,150	18,383
2009-2010	16,097	507	602	749	17,955
2010-2011	15,619	487	452	783	17,341
2011-2012	15,722	384	429	530	17,065

*Includes non-resident. Source District Attendance Office

The FTES enrollment during the period 2007/2008 through 2010/2011 increased close to 11.5% while unrestricted expenditures decreased approximately 2.0%.

Facing severe budget reductions in recent years, the College made various difficult choices: reducing class sections, not offering summer and winter session classes, closing various College facilities during the intersessions to save utilities and housekeeping costs, freezing the hiring of new personnel and holding vacant positions open longer. At the same time the College also required additional resources to fund the operations of its new facilities. LAMC has continued the physical expansion of the campus to increase educational opportunities for students. The College opened the new Center for Math and Science (CMS) at the beginning of the 2012/2013 academic year, which together with the Health Fitness Athletic Complex (HFAC), forms the East Campus. The College anticipates the build-out of the Multimedia Art Center to be completed by the start of fall 2014. These two new facilities add approximately 148,000 outside gross square feet to the 447,851 square feet of current facilities space existing in 2010 (III.D-11). In 2011/2012 the District, in acknowledgement of the increased maintenance and operation costs for its colleges, distributed to the nine campuses \$6.8 million from the District's ending balance as a budget augmentation to cover the increased costs of employee benefits, utilities, and maintenance and operational (M&O) expenses based on gross square footage. LAMC's 2011/2012 year-end budget included its share of the District's distribution of \$422,963 (III.D-12). As new structures come online, the College will continue to incur additional staffing and housekeeping costs.

Restricted General Fund Programs include federal, state, and local categorical programs in addition to the unrestricted programs. The funding coming from many of these programs helps in recruiting and retaining students. The Restricted General Fund category is composed of a number of programs designed to accomplish specific objectives directed by federal or state law, the public or other funding agencies. Allocated funding is subject to the regulations and measurement standards established by the source of fund. Table 6 summarizes the budget for LAMC's restricted funds for fiscal years 2010-11, 2011-12, and 2012-13.

Federally Funded Categorical Programs include the Federal Perkins program, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work Study, and the recent Science, Technology, Engineering, and Mathematics (STEM) grant.

State Funded Categorical Programs include CalWORKs/TANF, Extended Opportunities Programs and Services (EOPS), Cooperative Agencies Resources for Education (CARE) Program, Board Financial Assistance Program - Student Financial Aid Administration (BFAP-SFAA), Disabled Students Programs and Services (DSP&S), Basic Skills, Career Technical Education (CTE), Matriculation, Instructional Equipment and Library Materials, Telecommunication and Technology, Economic Development, Staff Diversity and Staff Development funds. These funds are determined by the advance allocations of each funding agency. Changes, such as the addition of Specially Funded Programs, are expected throughout the fiscal year (III.D-13).

Local Categorical Programs include College programs such as Community Services, Parking, and Student Health Services. Most of the revenues from these programs are restricted by the statute establishing the fee. Community Services can assess reasonable fees that make program activities/offerings entirely self-supporting.

**TABLE 6
LOS ANGELES MISSION COLLEGE RESTRICTED FUNDS**

Program Description	Final Budget 2010-11	Final Budget 2011-12	Final Budget 2012-13
Basic Skills	\$228,363	\$188,191	\$179,920
Community Services	327,968	205,304	0
CalWORKs/TANF	216,724	321,793	297,443
Foster Care	234,779	225,634	233,268
Disabled Students Programs & Services (DSPS)	328,843	345,243	278,803
Matriculation (Credit & Non-credit)	285,476	269,211	264,586
Extended Opportunities Programs & Services (EOP&S)	500,014	463,214	480,385
Student Financial Aid Administration	340,636	341,469	375,650
Federal Perkins (VTEA)/Tech Prep	634,976	360,166	393,716
Federal Work Study	117,344	142,571	150,585
Health Services	447,060	446,492	410,612
Parking	150,000	150,000	105,000
One-Time Block Grants	174,827	133,878	133,878
Ongoing Block Grants	153,147	152,528	152,628
Staff/Faculty Development	17,222	15,767	14,846
Staff/Faculty Diversity	43,637	45,863	0
Other Specially Funded Programs	2,832,823	2,094,705	1,969,601
Total Restricted General Fund	\$7,033,838	\$5,902,129	\$5,440,921

Other programs the College administers include the Student Store, Cafeteria/Food Services, and ancillary programs. It is also anticipated that the entities will be self-sustaining, funded entirely by the revenue and fees collected for their use.

In September 2011, LAMC successfully competed for a federal Title V Science, Technology, Engineering, and Mathematics (STEM) grant from the U.S. Department of Education and was awarded total funding of approximately \$4.35 million over five years (III.D-14). This funding provides needed resources for curriculum development, student support services, and the expansion of the Science, Technology, Engineering, and Mathematics (STEM) Program enhances student learning, and further supports students interested in STEM careers.

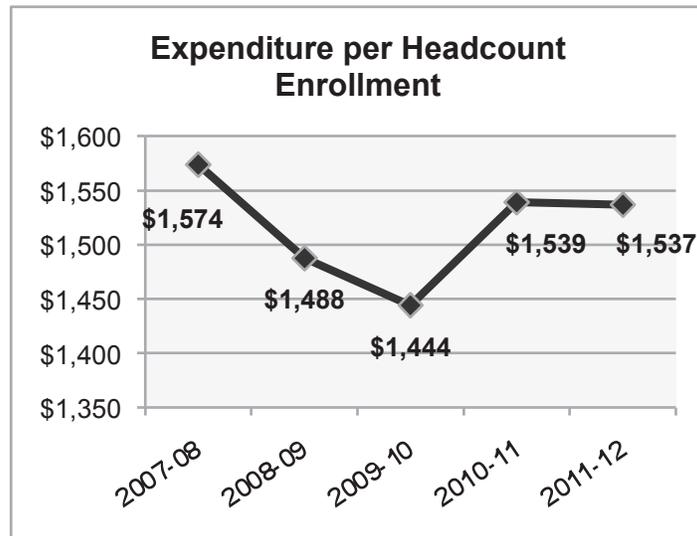
Due to the state financial impasse in recent years, the College did not receive any growth funding. The District and its colleges have not received state funding for instructional equipment (Block Grant) since 2009/2010.

The significant reduction of categorical program budget allocations that began in fiscal year 2009/2010 and the backfill required from unrestricted funds represent a continuing challenge to the College to remain financially stable.

SELF EVALUATION

The College has been prudent in its use of available resources and has been successful in controlling its costs. Expenditures have remained relatively stable in the \$1,500 range per headcount enrollment over the past five years.

FIGURE 2: LAMC EXPENDITURE PER HEADCOUNT (2007-12)



In addition to pursuing cost containment, the College explores new opportunities to bring in supplemental revenues to offset rising operating costs through enterprise ventures. The College plans to “set-aside” no less than \$45,000 per year for maintenance of its facilities from these ventures.

ACTIONABLE IMPROVEMENT PLAN

No recommendations at this time.

III.D.1. The institution relies upon its mission and goals as the foundation for financial planning.

III.D.1.a. Financial planning is integrated with and supports all institutional planning.

DESCRIPTIVE SUMMARY

The annual fiscal planning process has been an evolving one, beginning with the Governor’s proposed state budget in January until August of each year. District colleges, through their shared governance process, set their own budget priorities to meet their institutional goals and objectives.

Close to the start of each academic year, an annual College Retreat is held to review the progress of the College’s Strategic Plan. The College’s integrated planning (III. D-15), status

of strategic plans (III.D-16), and priorities for institutional improvements for the coming year are also reviewed and established during this retreat. All master plans are updated with progress monitored throughout the year. The College undergoes the annual budget planning process taking into account the directions and recommendations from the retreat. The annual budget planning process involves all areas of academic affairs, student services, administrative services, and the President's Office. All constituencies participate collaboratively in the decisions affecting the distribution of resources. The process starts with the annual Program Review which all units utilize to request additional resources. The College budget and planning agenda is designed to coincide with the LACCD budget development calendar to ensure compliance with District mandated deadlines (III.D-17). For fiscal year 2011/2012, the Campus, through the Budget and Planning Committee, made budget recommendations to the College Council and President to prioritize budget expenditures. The final budget document was published for public viewing prior to being scheduled for adoption by the Board of Trustees. The adopted final budget was published on the College Budget and Planning Web page.

SELF EVALUATION

The College's budget and planning process is in place. The process has been successfully applied in the years of both financial growth and reduction in state apportionment. The achievement of institutional plans supported by fiscal expenditures are reported in the annual performance scorecard and evidenced by the expansion of student access, increased use of innovative technology, fiscal stability, enhanced resources, and improved community visibility and responsiveness (III.D-18). In August 2012 the College presented its Annual College Effectiveness Report, which emphasizes these achievements, to the LACCD Board of Trustees.

Planning for fiscal year 2012/2013 presented a challenge due to the uncertainty of the state budget. The Vice President of Administrative Services attends District Budget meetings and brings back budget direction to the campus. However, because of the severe reductions in state funding for community colleges, centralized accounts, and bargaining agreements with various employee unions, the ability to control reductions at the local level was limited. Escalation of retirement contributions and health benefit costs has continued in the past few years. Increases in housekeeping costs and additional staffing for new facilities also are expected due to the continued build out of the campus to complete the Master Plan.

In recent years the College has developed and implemented a more comprehensive planning and budgeting process to link instructional services with resource planning and institutional priorities (III.D-15, III.D-19). These processes have been consistent with the mission and goals that are identified in institutional planning and are in alignment with the strategic goals of the LACCD.

ACTIONABLE IMPROVEMENT PLAN

No recommendations at this time.

III.D.1.b. Institutional planning reflects realistic assessment of financial resources availability, development of financial resources, partnerships, and expenditure requirements.**DESCRIPTIVE SUMMARY**

As previously stated, the main source of financial resources to LAMC comes from the apportionment revenue from the state distributed to the College. The LACCD receives the apportionment revenues from the state and then redistributes these to the nine colleges. In addition, the College receives funds by administering various categorical and Specially Funded Programs awarded through federal, state, and local agencies.

SELF EVALUATION

LAMC carefully assesses the availability of financial resources and its expenditure requirements to enable the College to operate within its budget. The College has been able to accrue FTES growth and accumulate positive balances during recent years. Through consistent and careful managing of resources, the College has been able to maintain budget reserves over the past five years. College financial information is regularly disseminated at shared governance meetings and is also available on the Budget and Planning Web page and at its meetings.

The College has submitted its contingency plan to reduce overall spending for fiscal year 2012/2013. College leadership reviewed these cost-saving measures to ensure minimal impact on student learning and the achievement of institutional goals. Along with efforts to contain costs, the College also pursued enterprise activities and fundraising efforts to raise money whenever possible to sustain program activities and mitigate the financial impact of budget cuts. LAMC reached out and was able to develop partnership relationships with various agencies, local community organizations, and businesses: Metro PCS and Verizon cell towers, STEM grant (\$4.3 million award), Cooperative Title V 2012 and City Youth Work Source Center grants (estimated at \$2 million, pending awards), and Medi-Cal Administrative activities. The College has also generated income by renting out space in the Culinary Arts Institute and Health Fitness Athletic Complex (HFAC) facilities. In addition, the College establishes and maintains partnerships with business and other community organizations such as Youth Policy Institute, Youth Build Charter High School, Cesar Chavez Academy High School, Los Angeles County Work Force Investment Board, and the Valley Economic Partnership.

The significant reduction of categorical program budget allocations that began in fiscal year 2009/2010 and the backfill required from unrestricted funds represent a continuing challenge to the College's financial stability. To address the issue of overspending and to create preventative measures, the Vice President of Administrative Services coordinates quarterly meetings with division administrators to review the financial results of programs in their divisions. Follow up on the status of College planning strategies is currently done on a yearly basis; however, in fiscal year 2012/13 these meetings will occur more often to assist units to maintain spending within budget allocations and to avoid deficits.

ACTIONABLE IMPROVEMENT PLAN

No recommendations at this time.

III D.1.c. When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies and plans for payment of liabilities and future obligations.

DESCRIPTIVE SUMMARY

The College strives to practice a collegial and inclusive decision-making process that respects the diversity and interdependence of the student body and the community LAMC is privileged to serve. The College prepares the required annual operational plan consistent with its objectives and institutional strategic plan. All nine District colleges are mandated to submit to the District Budget Office monthly financial projections, plans, and quarterly reviews. The Colleges are mandated to balance their budgets; those that overspend their budgets are placed on a three-year repayment plan to start one year after the deficit year.

Fiscal year 2012-2013 in particular was a difficult budget year. The District Budget Committee developed plans based on implications of the tax initiative (Proposition 30) not passing that included the possibility of negotiations with bargaining units and review of various operational and financial areas. During the annual Program Review process, LAMC departments and offices were asked to carefully review their program's progress and prudently propose resources needed to carry out their unit objectives. The College, through the shared governance process, utilized the fourteen voting member Budget and Planning committee to oversee the process of preparing the College's proposed annual operating budget. The committee formulated the criteria and rubrics to prioritize and recommend funding for resources requests. The Vice President of Administrative Services provided updates on College financial status and state budget development at regularly scheduled committee meetings. The relevant budget documents are posted on the College Budget and Planning Web site to promote fiscal transparency. Finance staff in the Administrative Services division reviews and communicates in a timely manner to program budget managers any issues of spending and budget concern (III.D-20).

The College includes in its Strategic Master Plan a focus on maintaining long-range fiscal stability. The objectives are to implement a budget process to support the efficient and effective allocation and distribution of resources, upgrade facilities to ensure safety and attractiveness, develop new sources of revenues, and develop and refine the College Foundation's strategic fund-raising plan. To encourage less reliance on general funds, College departments/offices are encouraged to develop new sources of revenue. The College Foundation has developed a strategic plan to identify additional ways to support the mission of the College and its students.

The College has received several grants that require careful planning for institutionalization. In 2009, through the Title V Higher Education Act, Los Angeles Mission College received a \$2.9 million Hispanic Serving Institutions (HSI) (III.D-21) grant from the U.S. Department of Education. In 2010 the College received another five-year grant of \$4.3 million for Hispanic Serving Institutions that offer Science, Technology, Engineering, and Mathematics (STEM)

programs. Both of these grants require some level of institutionalization and the decisions to institutionalize are based on the ability of the College to integrate the innovations of these programs into the fabric of the institution. As the innovations prove successful, existing student services and academic programs will assume the costs for these efforts.

The economic downturn that began in 2008 had a major impact on the state economy. Severe reductions in state revenue have in turn led to reduced funding for the College. Reductions in spending caused by the decline of operating revenue were discussed with various constituencies of the College (III.D- 22). The budget reductions are further discussed at the District level among the Board of Trustees, District Budget Committee, and collective bargaining units. As a result of these discussions, there has not been any COLA wage increase for employees since the 2007/2008 fiscal year. In addition, the District adopted a more cost-effective health plan administered by CalPERS beginning in January 2010. The College has implemented several cost containment measures to operate with fewer resources with the primary goal of maintaining educational offerings and services to students. In fiscal year 2006/2007, the LACCD took significant steps to address the issue of the underfunding of its liabilities for retiree health care. The Governmental Accounting Standard Board (GASB) 45 mandated accounting standards require public employers to determine and report their actuarial obligation to provide other post-employment benefits (OPEB), other than pensions, to recognize and display OPEB expenditures and related liabilities (assets) and footnote disclosures in the financial reports of these employers. Starting with fall 2006, the employee unions of the LACCD and its Board of Trustees approved a negotiated agreement to begin partial pre-funding by annually directing 1.92% of the previous fiscal year's full-time employee salaries into an irrevocable trust. This in effect illustrates that the District employees agreed to accept salaries almost 2% lower, in order to secure retirement health care for themselves and future employees of the District. The money saved through this sacrifice of salary establishes a continuous annual contribution toward District's OPEB trust.

Facing a state budget crisis and rapid increases in health benefit costs, in 2009 the District's Joint Labor-Management Benefits Committee (JLMBC) voted and the Board approved the move to health care plans administered by CalPERS effective January 1, 2010. The decision to move the District's health care plans to CalPERS was important and necessary to help control the rapidly rising health care costs and reduce the District's post-retirement obligation.

LAMC is the youngest campus of the nine LACCD campuses. The College estimates to increase its total square footage by 46% upon completion of the construction of new buildings in the Facilities Master Plan. With this expansion of square footage, the maintenance and operation costs will continue to increase. More facility personnel will need to be hired and utilities costs will continue to rise. In order to minimize the effect of increased utility costs, the College has initiated construction of a Central Energy Plant. The construction of this energy saving plant is estimated to start in 2013 and could save the College 50 percent in utility costs in future years.

SELF EVALUATION

To minimize the impact of the state financial impasse and budget cuts on College operations, the College encourages departments/offices to explore new opportunities through enterprise ventures to bring in supplemental revenues to offset rising operating costs. The College assesses partnership arrangements with outside vendors and plans to earmark no less than

\$45,000 per year for maintenance of its facilities from these ventures. Business plans were developed for the Eagle's Fitness Program (III.D-23), the Culinary Arts Institute (III.D-24), the Eagles' Landing Student Store (III.D-25), the Associated Students Organization (III.D-26), and the Sylmar Farmers' Market (III.D-27). The College will continue to explore opportunities to offer more ancillary services to the community whose patronage in turn helps to enable LAMC to sustain and grow its programs and services.

In anticipation of the possibility of budget cuts being partially restored with passage of the November tax initiative, the Budget and Planning Committee recently began development of a plan to prioritize restoration funding.

The College has planned strategies to institutionalize its grant-funded programs. These strategies include the development of an organizational structure to continue the innovations of these programs. The College will place the responsibility of administering these programs under the current administrative structure in student services and academic affairs. The College also plans a phase-in strategy that provides funding for administrators, staff, and supplies for these programs during the five-year period of operation. As of current fiscal year 2012/2013, Title V has two years to integrate the costs into the general fund and STEM has a four-year window. Funding from the general fund will be phased in at 25% the first year, 50% the second year, 75% the third year and 100% the fourth year. Funding decisions are based on the ability of the College to integrate these programs into the fabric of the institution. As the innovations prove successful, existing student services and academic programs will assume the costs of these programs.

ACTIONABLE IMPROVEMENT PLAN

No recommendations at this time.

III D.1.d. The institution clearly defines and follows its guidelines and processes for financial planning and budget development with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.

DESCRIPTIVE SUMMARY

The College's integrated planning cycle begins with the Program Review process and ensures that College constituencies have the opportunity for input. Processes for financial planning and budget-related documents are made available to college constituents by means of the College Budget and Planning Web site and by distribution at various shared governance and management meetings. The College follows the Budget Operation Plan developed by the LACCD to identify and evaluate the programs and resources necessary to operate for the fiscal year. The annual Budget Operation Plan determines the use of resources to achieve short-range objectives while moving forward to meet long-term goals. The Budget Operation Plan also includes proposed instructions for use of categorical and enterprise funds that produce their own revenues to cover expenditures.

The Chancellor and District Budget Committee, in consultation with District constituencies, review the impact of the state budget and make recommendations for funding levels of the

nine district colleges, the Instructional Television (ITV) program, and centralized and District accounts. District colleges are advised of the proposed preliminary budget allocation in February in order to begin planning for the following annual operational budget. The College develops its operational plan and submits it to the District Budget Office based on this preliminary allocation. An important process that links to budget planning is the annual Program Review process, which is designed to make requests for additional resources. Division administrators meet with respective chairs and department managers to review and recommend the resources needed to carry out objectives established in the College master plans. The timing of resource requests through the unit program review process is designed to coincide with the College's operational budget preparation cycle so that the resource requests can be incorporated into the next year's operational budget. Division vice presidents prioritize the unit requests and forward them to the shared governance Budget and Planning committee for ranking according to the priorities approved at the College Council Retreat.

The College, through the shared governance process, invites all constituencies to participate in the development of the College budget. The Budget and Planning Committee consists of fourteen voting members which include administrators, faculty, classified staff appointed by respective collective bargaining units, and a representative from the Associated Students Organization. This committee brings a college-wide perspective to the planning process. Members participating on shared governance committees are responsible for disseminating the information learned at the meetings to their respective groups. The Budget and Planning Committee meets on the first Thursday of each month to be updated on the College's financial status and receives timely information concerning issues and decisions reached by the District Budget Committee. The consolidated prioritized requests are presented to the Budget and Planning Committee at these meetings for review, ranking, and recommendations for funding. Their recommendations are forwarded to the College Council which subsequently submits its recommendation to the President for final funding.

The Budget and Planning Committee, in collaboration with Administrative Services, also conducts workshops on the budget development process. The College budget and planning process continues to be transparent with the opportunity for constituency input and a clearly defined resource request and allocation process to ensure the College utilizes its resources in the most effective manner. The College operational plan is submitted, accompanied by a letter from the President to the District Chancellor. This letter describes the planning directions, status of the College master planning process, and level of programs and services to be provided by the Budget Operation Plan submitted to the District Budget Office.

SELF EVALUATION

The administrators, faculty, staff, and representatives of the student body have the opportunity to participate in the budget and planning process at the College. Documents related to the budget process and final budgets are uploaded and available on the LAMC Budget and Planning Web site for viewing.

ACTIONABLE IMPROVEMENT PLAN

No recommendations at this time.

III.D.2. To ensure the financial integrity of the institution and responsible use of financial resources, the financial management system has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making.

III.D.2.a. Financial documents, including the budget and independent audit, reflect appropriate allocation and use of financial resources to support student learning programs and services. Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.

DESCRIPTIVE SUMMARY

The College submits an annual proposed budget plan in May each year to the Chancellor's Office. The budget plan describes the College planning priorities and the level of programs and services to be provided throughout the coming operational year. The College prepares monthly and quarterly financial reports to monitor revenues and expenditures. The College financial status is reviewed regularly at the District Budget Committee, College Council, Academic Senate, and other meetings. The LACCD Controller's Office is responsible for maintenance of the centralized financial system and for compiling financial and management reports for all nine colleges and the District Office. The District maintains an updated chart of accounts (III.D-28) to comply with and meet the reporting standards required of California Community Colleges.

Fiscal controls are in place that require appropriate account numbers and establish sufficient funds before purchasing requests can be processed. Financial transactions, once processed, are kept on file and are accessible for review. Hard copies of final budget documents are available on the District Web site and at the College library and office of Administrative Services. Funding programs (III.D-29) and anticipated fiscal commitments are accessible in the financial module of the LACCD Systems, Applications, and Products (SAP) system. SAP has a built-in control mechanism to ensure sufficient funds are in place before budget transfer requests, purchase requests, purchase orders, contracts, and invoices are processed. The Vice President of Administrative Services has final approval of all budget and expenditure transfers and appropriation of funds. Once the College operational budget is developed and approved, it is uploaded into the SAP system, allowing budget managers to monitor their budgets online. The office of Administrative Services conducts training workshops for budget managers on navigating the District SAP system so that they have access to updated budget information.

KPMG, LLP, the external audit, tax, and advisory services firm, is contracted by the District to perform the annual financial audit in accordance with United States standards and practices as contained in *Government Auditing Standards*. The most recent audit report available is for the fiscal year ending June 30, 2011. The Independent Auditors' Report of March 2012 indicates that the basic financial statements of the District for the years ended June 30, 2011 and June 30, 2010 present fairly, in all material respects, the net assets and cash flows of the LACCD for the years then ended, in conformity with U.S. generally accepted accounting principles (III.D-30). The District also engaged another external auditing firm, Vasquez & Company LLP, to audit the schedule of expenditures of District programs receiving federal awards for the year ending June 30, 2011. Based on their audit, Vasquez & Company, LLP found that the District presents

fairly, in all material respects and in conformity with U.S. general accepted accounting principles, its expenditures of federal awards for the year ending June 30, 2011.

SELF EVALUATION

The District Chancellor's letter to the Board of Trustees accompanying the fiscal year 2010-11 audit report prepared by KPMG, LLP states:

The District is responsible for the accuracy, completeness, and fairness of the financial statements, including all disclosures. It is believed that the data presented are accurate in all material respects and present fairly the financial activities of the District's various funds and that the information disclosures are sufficient to provide an understanding of the District's fiscal affairs. The auditors' opinions included in the annual report reflect our belief.

The audit reports and budget documents are made available for public viewing in paper and online formats.

ACTIONABLE IMPROVEMENT PLAN

No recommendations at this time.

III.D.2.b. Appropriate financial information is provided throughout the institution.

DESCRIPTIVE SUMMARY

The District financial management system, SAP, replaced the Legacy system and was implemented in fiscal year 2002-03. SAP Human Resources was added in 2005-06 for personnel and payroll operations. The District also makes financial, instructional, and human resources data available through the Business Warehouse (BW). Training sessions on using SAP and BW are conducted by SAP support personnel at the District and also are offered to campus faculty and staff who are interested in knowing how to navigate the systems.

Each District college is required to submit to the District Budget Office the update of its financial plan and status on monthly and quarterly bases. This office updates the Chancellor, District Budget Committee, and Board of Trustees. The District Budget and Attendance Offices schedule periodic meetings to review the enrollment and budget status of its nine colleges. The District Office is responsible for developing the tentative and final budget for Board approval and adoption. The office also ensures that the Colleges utilize funds and resources in accordance with LACCD Board Rules, Education Code, and all applicable Federal, State, and local funding agency regulations. Members of the LAMC Budget and Planning Committee are updated monthly on the College's financial status (III.D-31) at regularly scheduled meetings. Information with respect to final budgets, updates, budget and planning processes, the Strategic Master Plan, along with Budget and Planning minutes are posted on the College's Budget and Planning Web page. Other fiscal data is available for public viewing through the District Office and the College Administrative Services Office.

LAMC has representatives participating on the District Budget Committee, including the College President, the Academic Senate president, and representative members of faculty and staff and the AFT. Financial information obtained from the District Budget Committee is regularly disseminated to campus constituents at the College Council, Academic Senate, AFT, and Budget and Planning Committee meetings. Beginning November 2011, the current College President began conducting Town Hall meetings that include updates to the College community on matters related to the budget and near-term projection, status of the bond construction program, and overall campus climate (III.D-32). The community has responded favorably to these campus wide meetings. In addition, the President created the Budget Task Force and Bond Projects Task Force to discuss and propose solutions to alleviate the impact of budget cuts for the next year. A prioritized and ranked list of construction projects to resume when the building moratorium ends in the fall 2012 semester was also created. Since the College is one institution in a nine-college District, current information on the District financial condition is critical to the planning and management of available resources. The College Council, via the co-chairs of the Budget and Planning committee, receives the most current information available on the College's financial status, funding constraints, opportunities, and matters related to funded and unfunded budget requests.

At LAMC, the shared governance Budget and Planning Committee includes voting members who represent the Academic Senate, all collective bargaining units, and the Associated Students Organization. The Vice President of Administrative Services informs committee members at regularly scheduled monthly meetings of the latest updates on the State budget, college financial status, and anticipated fiscal commitments. The co-chairs of the Budget and Planning Committee report to College Council the highlights of the meeting along with proposed action items.

Constituencies from college units participate collaboratively in the decisions affecting the distribution of resources. Resource requests, after being prioritized at division level, are studied and ranked by the Budget and Planning Committee in accordance with institutional priorities (III.D-33). These priorities are consistent with the mission and goals that are identified in institutional planning and are in alignment with the strategic goals of the LACCD. College constituencies involved in the institutional planning process are updated with accurate information about available resources. Through the Budget and Planning Committee, the Campus makes budget recommendations to the College Council and President, who prioritizes budget expenditures. The final budget document is published for public viewing prior to being submitted for adoption by the Board of Trustees. The adopted final budget is published on the College Budget and Planning Web page along with committee's charter, meeting minutes (III. D-34), and ranked resource requests.

SELF EVALUATION

The College reconciles finances and budgets monthly and submits a report to the District Office. This report is distributed at all Budget and Planning meetings and is made available to anyone who requests it. Additionally, the current financial position of the College is reviewed at all College Council meetings. Lastly, the College President and Vice President of Administrative Services continually distribute all current financial information that is sent from the District at various meetings and by e-mail.

The District and College budget is posted on the Los Angeles Community College Web site.

ACTIONABLE IMPROVEMENT PLAN

No recommendations at this time.

III.D.2.c. The institution has sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management, and realistic plans to meet financial emergencies and unforeseen occurrences.

DESCRIPTIVE SUMMARY

Maintaining a fiscally sound institution and growing the reserve to meet unforeseen circumstances has been one of the institutional priorities of LAMC. By implementing measures to reduce expenditures and improve productivity, the College has been successful at operating within budget constraints, posting balances over the past five years, and maintaining the reserves needed for emergencies. The College had a fiscal year ending balance of \$972,270 in 2009/2010, \$1,413,901 in 2010/2011, and \$229,405 in 2011/2012. Fiscal year 2011/2012 presented significant challenges for the District and its nine colleges given the large decline in state apportionment. This decline is associated with a 6.21% workload reduction in final budget allocations. The College implemented various measures to mitigate the risk of overspending.

The severe nationwide economic downturn has brought continuing funding challenges to community colleges. The College's final budget for fiscal year 2012/2013 reflects a further 7.285% workload reduction and includes no enrollment growth funding and no cost-of-living adjustments. To prepare for the uncertainty of the November 2012 tax initiative outcome and possible further state budget shortfalls, the College prepared and submitted a contingency fiscal reduction plan to include a 6% reduction in spending from fiscal year 2011/2012 levels. The District maintains a District Contingency Reserve of 5% and the College maintains a 1% reserve of unrestricted general revenue. These reserves ensure the District's financial stability and ability to meet revenue shortfalls, and prevent it from being placed on the state's "watch list." The College is required to obtain the District Chancellor's approval before tapping into the 1% contingency reserve which can be used only for unanticipated emergency events.

In October 2011 the District presented to the LACCD Board of Trustees for adoption a Debt Issuance Policy. The policy stipulates that debt obligations shall only be issued in the exigent circumstances associated with uncertainty of state funding for District colleges (III.D-35). The District Accounting Office is the primary entity responsible for maintaining an accounting of District cash flow and reserves. The District invests the cash that is not considered immediately necessary to fund College operations in U.S. government securities and other interest bearing financial instruments. Interest income not directly generated by District colleges is to be utilized to fund the District's reserves.

LAMC has sufficient insurance to cover its needs through the LACCD (III.D-36). The District and its colleges are insured as follows:

Workers Compensation:

\$750,000	Self-Insured Retention per Occurrence
\$25,000,000	Maximum Limit of Indemnity per Occurrence
\$1,000,000	Employers Liability Maximum Limit of Indemnity per Occurrence

General Liability:

\$25,000,000	Products-Completed Operations Hazard Aggregate
\$500,000	Retained limit any one occurrence, wrongful act, or employee benefit wrongful acts

Employment Practices:

\$25,000,000	Any one employment practices liability wrongful act or series of continuous, repeated, or related employment practice liability wrongful acts in excess of the retained limit of \$500,000
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The College pays the insurance premium through district wide assessment. If a campus experiences unforeseen incidents, the District provides appropriate and necessary support as a parent company and works closely with leadership to ensure the College is accountable for the response and recovery.

SELF EVALUATION

The College is adequately insured through District liability insurance policies. To remain financially stable, the College has explored opportunities through enterprise ventures to bring in supplemental revenues to offset rising operating costs. The College plans to “set-aside” no less than \$45,000 per year from ancillary undertakings to meet emergency and unforeseen circumstances.

ACTIONABLE IMPROVEMENT PLAN

No recommendations at this time.

III.D.2.d. The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.

DESCRIPTIVE SUMMARY

The President is responsible for the oversight of financial matters of the College. To accomplish effective oversight of finances, the Vice President of Administrative Services has the primary responsibility of managing the human, physical, technological, and financial resources of the College. Policies and procedures are in place to ensure comprehensive records of financial transactions and are periodically reviewed and updated when necessary to align with Board and government regulations. The College financial staff provides regular reviews of the College

operating budget and the budgets of grants and Specially Funded Programs and holds quarterly meetings with program and budget managers (III.D-37). Specially Funded Programs represent grants from local, state, and federal governments and private entities that the College and individual faculty members have obtained to support the activities and needs of the College, its students, and the community. The Board of Trustees authorizes these programs. While the College initiates and administers the provisions of the grants, the District Office demonstrates its support by overseeing budget compliance and grant provisions. Grants and Managers of Specially Funded Programs within single disciplines or departments are under the direct supervision of their respective division administrators. The supervising dean works with program directors to ensure adherence to program guidelines and regulations in terms of allowable activities and achievement of program objectives.

Audits are conducted at the District Office and at the local colleges. Since Los Angeles Mission College receives funding from various sources (federal, state, and local agencies), there are audits being conducted every year. Audit reports are either distributed directly to the Vice President of Administrative Services and respective deans who supervise the funding or through District liaisons. Audit findings are communicated to the College and a timeline for the implementation of Corrective Action Plans (COP) is made to respond to items of concern.

The District ensures strict adherence to applicable provisions established by California Community Colleges and the California Education Code, and Title 5 regulations. Throughout the fiscal year, the College initiates the budget transfer requests and adjustment vouchers according to approved practices in order to manage the appropriate use of resources. The College processes adjustments and changes to the budgets in a manner that provides for review and approval at the different levels of responsibility.

The College is required to submit monthly and quarterly financial reports that include fiscal year-end projections. The District budget office and college senior administrators periodically meet to review the financial standing of the College (III.D-38). This office updates the Chancellor and Board of Trustees on a regular basis about the financial status of the District and its colleges.

District colleges manage their respective foundations and auxiliary organizations. The College Foundation is composed of community and business leaders to support the College President in strategic activities important to the achievement of the mission of the College. The College President oversees the finances of the Los Angeles Mission College Foundation and the Associated Students Organization. In addition, the College Financial Administrator provides fiscal review of ASO activities to ensure funds are used in accordance with the California Education Code. Both the Foundation and the Associated Students Organization are subject to annual independent audits by external CPA firms.

The community extension and other enterprise programs offer a wide variety of classes that serves the community. These programs provide cultural and educational enrichment and fulfill specific educational needs. College departments who desire to undertake ancillary activities are encouraged to pursue them providing that the ventures meet Board regulations and District guidelines. These ventures (Health, Fitness, and Athletic Complex, Media Arts, Culinary Arts), anticipate to self-generate the revenue stream that eventually allows them to rely less on support from the general fund.

SELF EVALUATION

The Vice President of Administrative Services and accounting staff monitor on a monthly basis all department and Specially Funded Program (SFP) budgets. Those programs that project a deficit are discussed with the President and the respective Vice President. The College continually works with all departments to ensure fiscal stability. However, there are a few departments like the Child Development Center and DSP&S whose funding is never enough to cover their expenses. The College annually contributes approximately \$300,000 to these programs to cover expenses. These are the only areas that have a structural imbalance that results in deficit spending.

ACTIONABLE IMPROVEMENT PLAN

No recommendations at this time.

III.D.2.e. All financial resources, including those from auxiliary activities, fund-raising efforts and grants are used with integrity in a manner consistent with the mission and goals of the institution.

DESCRIPTIVE SUMMARY

All funds provided to the College, whether they come from the general fund, from grants, or from fundraising efforts, are used to support the objectives of the Strategic Master Plan. All funds are intended to help LAMC students achieve the measurable outcomes of student learning through the institution's academic programs and services. As stated above, the College must follow District Board Rules, regulations, and procedures. The District employs both internal auditors and external public accounting firms to review financial transactions on an annual basis. These audit groups inform the District and its colleges when evidence of noncompliance is found and follow up to ensure corrective action plans are put in place and implemented. Federal and state programs are audited periodically by respective granting agencies. The District employs an asset management system to physically tag and control physical assets. The Vice President of Administrative Services is authorized to dispose of or donate physical property that is no longer required or suitable for college use, subject to the requirement of Education Code Section 81450. The Facilities Department handles the physical disposition of these assets.

SELF EVALUATION

The College works closely with district auditors to implement corrective actions from prior year audits to ensure that all resources are being used properly. The Vice President of Administrative Services works closely with the District auditors and often requests assistance and guidance in order to maintain the fiscal integrity of the College.

All restricted and unrestricted fund expenditures are monitored to ensure that they are spent as intended. If any expense is determined to be outside of the scope for which it was intended, it is not approved.

ACTIONABLE IMPROVEMENT PLAN

No recommendations at this time.

III.D.2.f. Contractual agreements with external entities are consistent with the mission and goals of the institution, governed by institutional policies and contain appropriate provisions to maintain the integrity of the institution.

DESCRIPTIVE SUMMARY

The procurement policy of the LACCD is set forth by the Board of Trustees, the California Public Contract Code, the California Education Code, and other applicable laws of the State of California. LAMC and the LACCD have multiple levels of oversight in place. The President and Vice President of Administrative Services are the only personnel authorized by the Board of Trustees to approve and execute all procurements. Three informal competitive quotes must be solicited for procurement transactions of \$5,000 or less. Informal quotes can be obtained from Internet research, catalogs, or through vendor's e-mail, telephone, or fax communications. Procurements above \$5,000 and below \$81,000 require the receipt of not fewer than three responsive written quotes or proposals. All service procurements above \$5,000 require submission of a Request for Proposal and are processed by the District Contract Office. "Large Purchase" procurement transactions at or above the formal bid amount of \$81,000 require sealed bids to be solicited and conducted by the District Contract Office (III.D-39, III.D-40).

The threshold may be lower for procurements funded by grants awarded by outside agencies that may have stricter policies and guidelines. Based on the dollar threshold and type of transaction, procurement responsibilities are divided among the College Purchasing Office, the Regional Procurement Office, and Contract and Purchasing units at the District Office. These rules and procedures appear to be working effectively to ensure the integrity of the institution.

SELF EVALUATION

All contracts by the College comply with Board policies, the California Public Contract Code, the California Education Code, and other applicable laws of the State of California. The College has not received any findings in this area from either the internal or external auditors.

ACTIONABLE IMPROVEMENT PLAN

No recommendations at this time.

III.D.2.g. The institution regularly evaluates its financial management processes, and the results of the evaluation are used to improve financial management systems.

DESCRIPTIVE SUMMARY

Following the initial implementation of SAP (Systems, Applications, and Products) financial and procurement and accounts payable functions in 2002, the human resources/payroll module was added in 2005. The interface of the last modules ties position control and payroll expenses to the

financial system. College departments are provided access to run reports from the SAP system to review budgets for their own areas of responsibility. Identified issues from system reports are addressed in a timely manner and submitted to the SAP support unit at the District Budget Office for investigation and resolution. In November of 2010, the District Budget Office implemented the Electronic Budget Transfer Authorization (eBTA) process to replace the manual process. The new eBTA process allows budget managers to create, review, approve, post, and track the status of transfer requests online via the District Employee Portal (III.D-41). The new electronic process proves to be an overall improvement to the performance of the former budget transfer process by reducing the costs involved with the manual paper-based process, minimizing the turn-around time and eliminating data entry errors.

SELF EVALUATION

The College financial processes are up to date with District standards.

ACTIONABLE IMPROVEMENT PLAN

No recommendations at this time.

III.D.3 The institution systematically assesses the effective use of financial resources and uses the results of the evaluation as the basis for improvement.

DESCRIPTIVE SUMMARY

The College strives to align its planning and budgeting process to effectively utilize its financial resources. LAMC carefully assesses its financial resources availability and expenditure requirements. The College diligently strives to operate and prosper within its means. Throughout the year, the Vice President of Administrative Services regularly provides updates on the budget status to the College President and executive staff and various shared governance committees. At the annual College Council Retreat, reports on the status of the budget, as well as updates to the Strategic Master Plan for the coming academic year, are evaluated and presented. In the Program Review process, units must state the College goal(s) that would be supported by the objective that requires funding and specify the intended improvement as a result of the request being funded. Facing severe budget reductions in recent years, the College mandated procurement justification (III.D-42) to ensure that the purchase being requested is essential and necessary to maintain College operations. To maintain fiscal stability and enhance resources, various funding opportunities have been identified and pursued including Metro PCS and Verizon cell towers, STEM grant (\$4.3 million award), Cooperative Title V 2012, and City Youth Work Source Center Grants (estimated \$2 million pending awards), space rental of Culinary Arts and HFAC facilities, and Medi-Cal administrative activities. The College establishes and maintains partnerships with business and other community organizations including the Youth Policy Institute, Youth Build Charter High School, Cesar Chavez Academy High School, Los Angeles County Work Force Investment Board, and the Valley Economic Partnership.

The College will continue to assess the effective use of available financial resources; in particular, the restored funding related to Proposition 30, The Schools and Local Public Safety

and Protection Act. As a result of the passage of Proposition 30, Los Angeles Community College District projects to receive an estimated revenue inflow of \$78 million from the state to include \$31.3 million in funding restoration related to the 7.285% workload reduction, \$3.9 million for .91% funded growth, and \$15 million reduction in cash deferral. LAMC received restored funding of \$2,115,782. There are restrictions on the manner in which Proposition 30, (the Education Protection Act 2012 Fund) can be used. The College will ensure the restored fund is used only for classroom and instructional activities (III.D-43).

SELF EVALUATION

The college Vice President of Administrative Services provides weekly updates to the College President on the fiscal condition of the College. Currently, the Vice President is working closely with many departments to begin or expand enterprise programs which will increase revenue and reduce reliance on the College's general fund. The College has finished the last five fiscal years with a positive-ending balance, attesting to the effectiveness of continuous monitoring of all fiscal activities.

ACTIONABLE IMPROVEMENT PLAN

No recommendations at this time.

STANDARD III.D – EVIDENCE

Evidence documents can be found at: <http://www.lamission.edu/2013accreditation/IIID.aspx>

- III.D-1 Fiscal Year 2012-2013 Final Budget – LAMC, August 2012
- III.D-2 2012-2013 Final Budget New Allocation Mechanism – LACCD, August 2012
- III.D-3 Annual Headcount and Annual FTES 2002-03 to 2011-12
District Attendance Office, August 2012
- III.D-4 History of Colleges’ Balances from 2006-07 through 2011-2012 - LACCD
- III.D-5 Dedicated Revenues 2008/09-2013/14 - LAMC
- III.D-6 College Financial Projection for September 2012 - LAMC
- III.D-7 Full-Time Faculty Hires 2007/2008 – 2012/2013 - LAMC
- III.D-8 2011-2012 Preliminary College Ending Balance and Reserves, August 2012
Los Angeles Community College District
- III.D-9 2012-2013 Planned Contingency Reduction Plan, May 2012 - LAMC
- III.D-10 Unrestricted General Funds – Eight-Year Trend Analysis - LAMC
- III.D-11 Building/Space Inventory Report - LAMC
- III.D-12 Budget Augmentation for New Costs (Fiscal Year 2011/2012) - LACCD
- III.D-13 Restricted General Fund Programs – 2012/2013 Final Budget - LAMC
- III.D-14 Title III STEM Grant Contract - LAMC
- III.D-15 Integrated Planning at Mission College, May 2012
- III.D-16 2009-2010 Strategic Plan Status – Fiscal Stability - LAMC
- III.D-17 Fiscal Year 2012-2013 Budget Operational Plan Process Timeline - LAMC
- III.D-18 2012 College Effectiveness Report
- III.D-19 Over Base Prioritization Rubric – LAMC
- III.D-20 Program Financial Review – Operating Result Trend Analyses – LAMC
- III.D-21 Title V Higher Education Hispanic Serving Institution (HIS) Grant Contract

- III.D-22 Budget and Planning Meeting Minutes, September 2012
- III.D-23 Eagles' Fitness Program Business Plan
- III.D-24 Culinary Arts Business Plan
- III.D-25 Eagles' Landing Student Store Business Plan
- III.D-26 Associated Students Organization Business Plan
- III.D-27 Sylmar Farmers' Market Business Plan
- III.D-28 Index of Commitment Items (Chart of Accounts) - LACCD
- III.D-29 Index of Funds - LACCD
- III.D-30 Report on Audited Basic Financial Statements – Fiscal Year Ended June 30, 2011 - LACCD
- III.D-31 Updates of the College Financial Status
Third Quarter 2012 Report
September 2012 College Projection Report
- III.D-32 College Town Hall Meetings
- III.D-33 Refer to III.D-19
- III.D-34 Budget and Planning Committee Charter and Meeting Minutes
- III.D-35 Presentation for Board Adoption of the Debt Issuance Policy – LACCD
- III.D-36 Certificate of Liability Insurance – LACCD
- III.D-37 Specially Funded Program Quarterly Meeting Minutes – April 2011
- III.D-38 Refer to III.D-31
- III.D-39 Procurement Policies – LACCD
- III.D-40 Procurement Responsibilities – LACCD
- III.D-41 eBTA Quick Reference Guide – LACCD
- III.D-42 Procurement Justification Form – LAMC
- III.D-43 Impact on LACCD, Proposition 30