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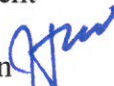
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LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

TO: Dr. Monty Sullivan
LCTCS President

FROM: Joseph F. Marin 
Chief Operations Officer

DATE: November 28, 2016

SUBJECT: New Finance Policy #5.033 "Fiscal Health Monitoring"

FOR BOARD ACTION

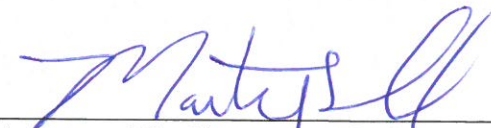
Recommendation: Staff recommends that the Board approve finance policy #5.033 "Fiscal Health Monitoring."

Background: Since the inception of the LCTCS Board of Supervisors, board staff has provided college operating budgets and quarterly financial reports to the board. Additionally, for the last two years, board staff have prepared and presented to the board additional fiscal health information given the fiscal challenges LCTCS colleges (and all of higher education) have endured in recent fiscal years. However, while these efforts have provided valuable financial disclosure to the board, what has been lacking is a policy framework which complements these ongoing fiscal monitoring efforts to allow the board President and staff to provide further assistance to college chancellors in monitoring their college's finances. The attached policy provides this framework with criteria for warranting fiscal monitoring assistance to colleges.

Fiscal Impact: N/A

History of Prior Actions: This new policy was provided to the Board for review and advisement at the November 9, 2016 meeting.

Benefits to System: The policy creates a framework by which LCTCS colleges may warrant fiscal health monitoring assistance by the LCTCS board staff, particularly given the reduction in state resources to higher education over the eight fiscal years.


Approved for Recommendation to the Board
Dr. Monty Sullivan, President

Date

LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM
Policy # 5.033

Title: FISCAL HEALTH MONITORING

Authority: Board Action

DRAFT

Original Adoption:
Effective Date:
Last Revision:

The intent of the Fiscal Health Monitoring Policy is to provide LCTCS colleges and the LCTCS Board of Supervisors assurances regarding the fiscal health of LCTCS colleges. In addition to quarterly fiscal budget reporting and fiscal health monitoring of colleges, this policy sets forth the framework for programmatic monitoring to determine areas that may need refinement or restructuring to assist colleges in aligning expenditures with available resources in the event of the following:

- Two or more red “flags” in the financial health index
- Two consecutive financial reporting quarters whereby expenditures exceed revenues
- Two consecutive financial reporting quarters whereby prior year revenues are used to cash flow a defined level current year receivable revenues
- Assistance is requested to address cash flow needs
- Other criteria as determined relevant by the System President

College CEOs may provide documentation to the board office to indicate that the need for fiscal health monitoring assistance is not warranted. The system President will determine whether assistance is warranted.

College’s needing fiscal health monitoring assistance will work with System Office staff to initiate an analysis of college operations that focuses on areas of fiscal improvement. Areas include, but are not limited to:

- Class size by course and section
- Space utilization
- Faculty workload
- Enrollment management
- Faculty distribution between full-time, part-time and adjuncts
- Administration to instructional ratios
- Student and account receivables
- Program offerings
- Business office practices/Student Affairs

Any determinations made from this analysis will be presented to the LCTCS President for further review and advisement with any recommendations to be communicated to the LCTCS Board.