

LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

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Creating Futures

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TO: Dr. Monty Sullivan
LCTCS President
FROM: Joseph F. Marin
Chief Operations Officer
DATE: May 29, 2017
SUBJECT: Strategic Sustainability & Growth Initiative 4A - Fiscal Health Index Update

Received APPROVED
Slk 6/14/17
LCTCS BOARD OF SUPERVISORS

FOR BOARD INFORMATION

Background: The board took action at the March 2017 meeting regarding campus monitoring and sustainability and requested that the fiscal health index currently used to monitor the fiscal health of colleges provide for a more stringent requirement of reserves as a percentage of total operating budget to be increased from the current 10% to a targeted threshold of 25% beginning in fiscal year 2019. Note that the target data for fiscal year 2019 should have read "at the end" and not "beginning" to allow for an annual targeted increase of 5%. As such, this process will entail an annual increase of 5% so that the targeted threshold for the start of fiscal year 2018 will be 15%, 20% for fiscal year 2019 and 25% for fiscal year 2020. There is no need to amend the Fiscal Health Monitoring policy #5.033 as it allows for flexibility in defining fiscal monitoring triggers.

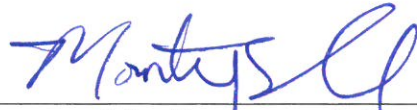
Below is a table that shows which colleges will not meet the escalated fund balance thresholds as a percentage of total operating budget based on their June 30, 2016 (latest information) balances. Obviously, new fund balances will be calculated for fiscal year 2017 when the annual financial reports are submitted to the board which may change the information presented below.

Table with 5 columns: College, 6/30/16 Fund Balance Meets threshold of: 10%, 15%, 20%, 25%. Rows include Baton Rouge CC, Bossier Parish CC, Central La. TCC, Delgado CC, Fletcher TCC, Louisiana Delta CC, Northshore TCC, Northwest La. TC, Nunez CC, River Parishes CC, South Central La. TC, South Louisiana CC, SOWELA TCC.

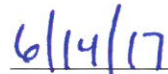
Fiscal Impact: N/A

History of Prior Actions: The board took action at the December 2016 meeting to pass the Fiscal Health Monitoring policy #5.033 and made recommendations at the March 2017 meeting related to fiscal health monitoring.

Benefits to System: These plans provide a framework in moving campus realignments forward in a methodical manner.



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



Date