Funding Formula Briefing

Overview of LARAEC Funding Formula Discussions January 2018-November 2019

Prepared by LARAEC Staff for December 3, 2019 Board Member Briefing

TABLE OF CONTENTS

Background 3
Funding Formula Timeline 4
MUSD Audit Engagement Timeline 5
Overview of Board Meetings with Funding Formula Discussions 7
- December 2017 – Closed Session 7
- January 19, 2018 – Open Meeting 7
- February 23, 2018 – Open Meeting 8
- March 16, 2018 – Open Meeting 9
- April 27, 2018 – Special Meeting: Closed Session 10
- April 27, 2018 – Open Meeting 10
- May 18, 2018 – Open Meeting 11
- September 21, 2018 – Special Meeting 11
- October 19, 2018 – Open Meeting 12
- December 7, 2018 – Special Meeting 12
- January 16, 2019 – Point Persons, MUSD, and Staff Meeting 14
- January 18, 2019 – Regular Meeting 15
- January 23, 2019 – Point Persons, MUSD, and Staff Meeting 16
- February 5, 2019 – Point Persons Meeting: Phone Conference 16
- February 9, 2019 – Special Meeting 17
- February 15, 2019 – Regular Meeting 18
- October 23, 2019 – Special Meeting 20
- November 15, 2019 – Regular Meeting 21

Appendix A: Essential Documents 22
- Montebello Audit Report 22
- Montebello Audit Responses and Correspondence 22
- MCAS Redistribution 01/10/18 presented at 01/19/18 LARAEC Open Meeting 22
- Funding Formula Research – Presented 11/9/18 and updated for 12/10/19 22
- Memorandum of Understanding for MUSD Redistribution 22

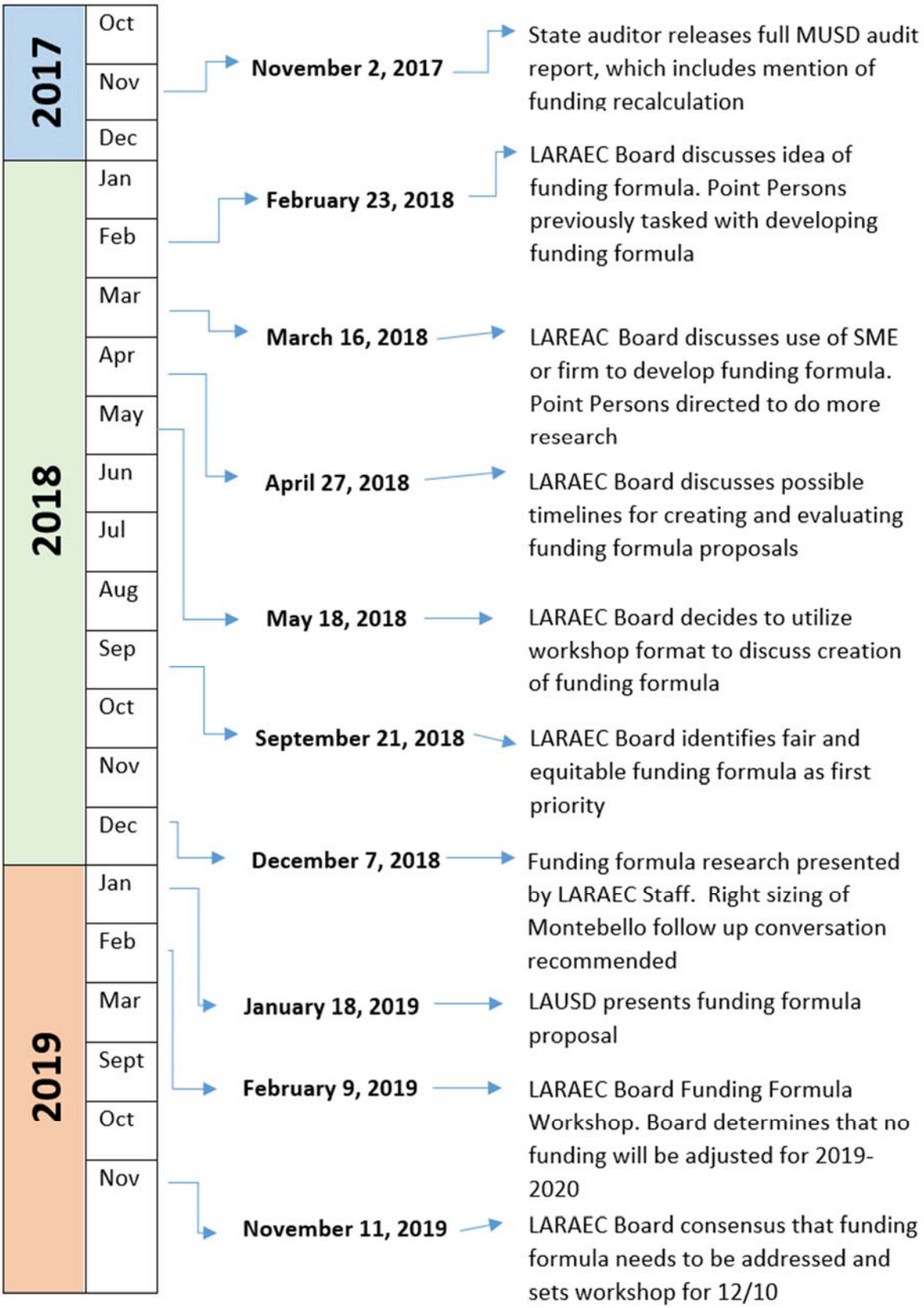
Appendix: Board Documents 28
- LARAEC Board Agendas and Summary Minutes 29

BACKGROUND

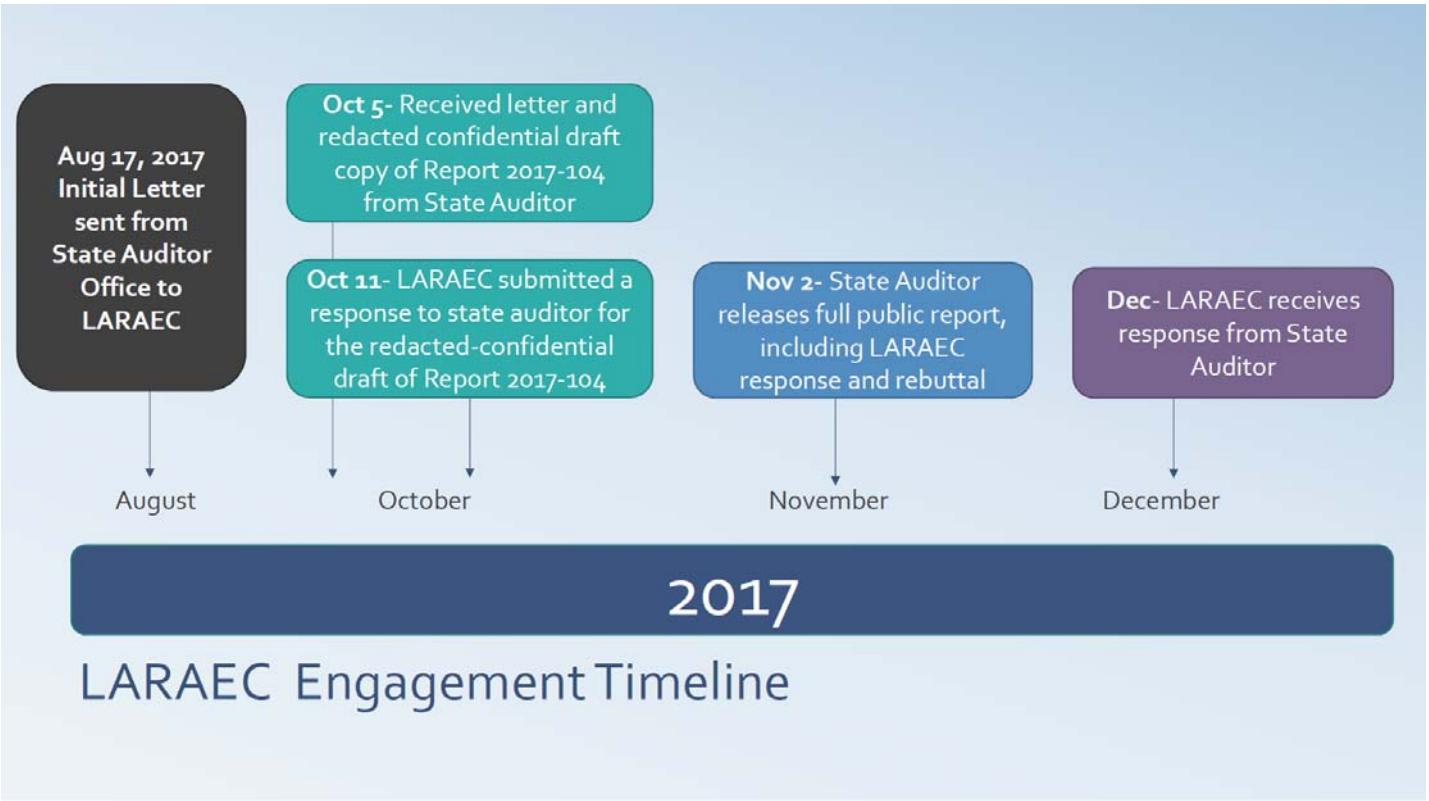
At the November 15, 2019 LARAEC Regular Meeting, Staff was directed to prepare materials for a funding formula briefing for recently appointed LACCD Board Representative Larry Frank. This briefing is meant to provide background, context, and supporting documentation related to the Montebello audit and subsequent funding conversations that included creation and implementation of a funding formula.

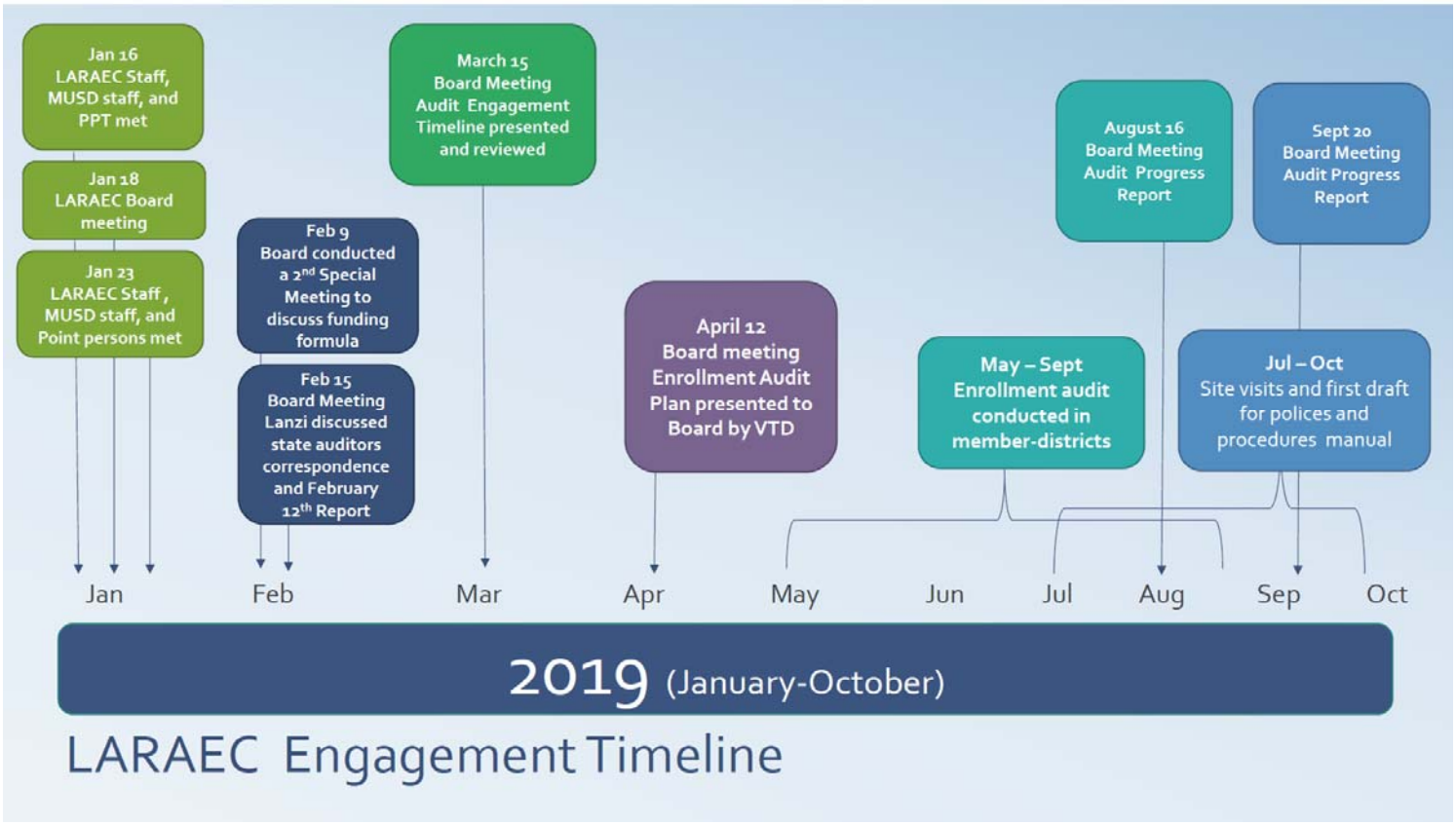
Documents utilized for this briefing include LARAEC Regular and Special Meeting Minutes, Board Workshops, LARAEC Funding Formula Research, California State Auditor's Report and agency responses. A brief timeline of both funding formula and MUSD audit and response is included to provide chronological context

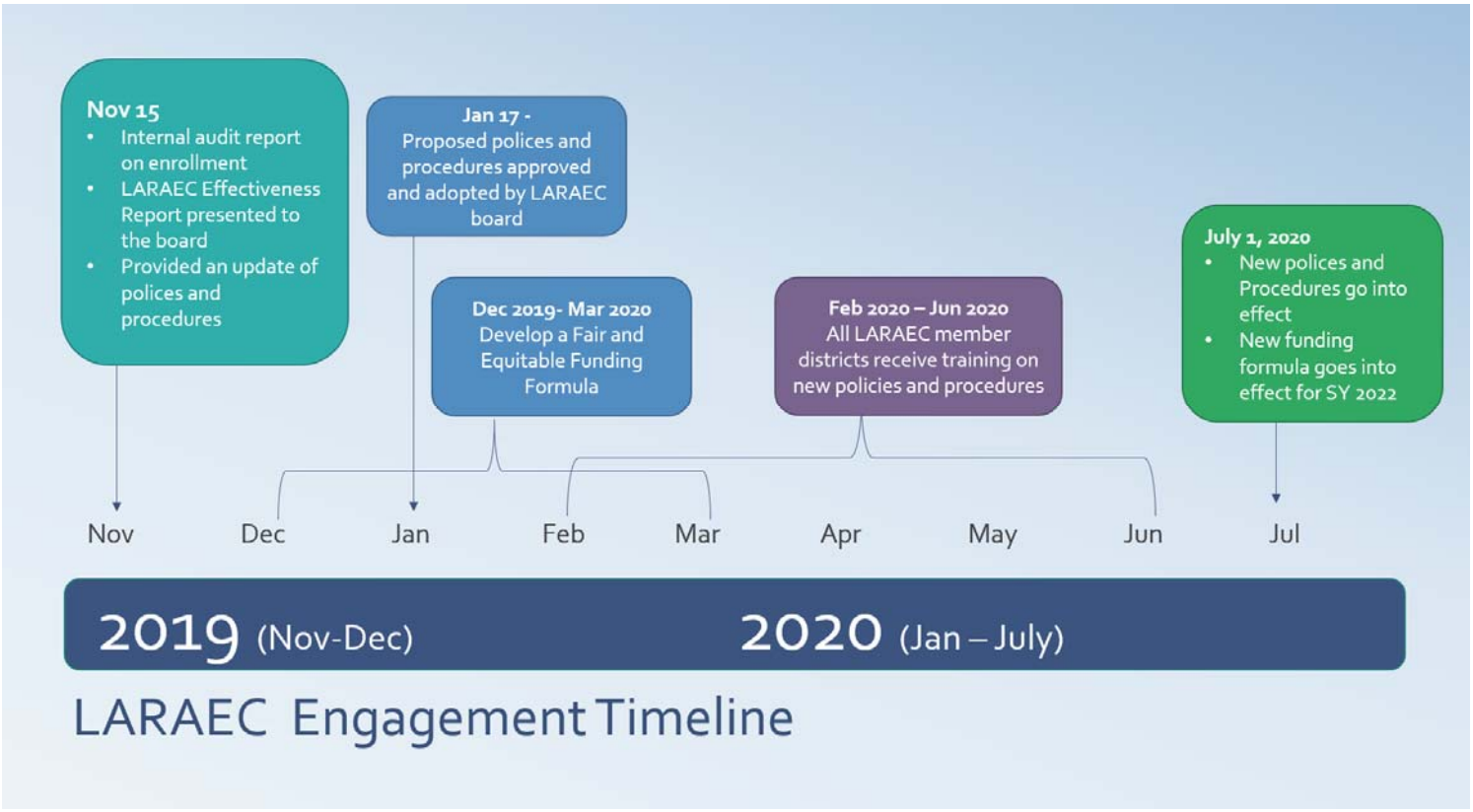
FUNDING FORMULA TIMELINE



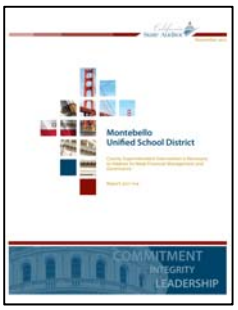
MUSD AUDIT ENGAGEMENT TIMELINE




Jan 16
LARAEC Staff, MUSD staff, and PPT met
Jan 18
LARAEC Board meeting
Jan 23
LARAEC Staff, MUSD staff, and Point persons met
Feb 9
Board conducted a 2nd Special Meeting to discuss funding formula
Feb 15
Board Meeting Lanzi discussed state auditors correspondence and February 12th Report
March 15
Board Meeting Audit Engagement Timeline presented and reviewed
April 12
Board meeting Enrollment Audit Plan presented to Board by VTD
May – Sept
Enrollment audit conducted in member-districts
August 16
Board Meeting Audit Progress Report
Sept 20
Board Meeting Audit Progress Report
Jul – Oct
Site visits and first draft for polices and procedures manual
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
2019 (January-October)
LARAEC Engagement Timeline


Nov 15
• Internal audit report on enrollment
• LARAEC Effectiveness Report presented to the board
• Provided an update of polices and procedures
Jan 17 -
Proposed polices and procedures approved and adopted by LARAEC board
Dec 2019- Mar 2020
Develop a Fair and Equitable Funding Formula
Feb 2020 – Jun 2020
All LARAEC member districts receive training on new policies and procedures
July 1, 2020
• New polices and Procedures go into effect
• New funding formula goes into effect for SY 2022
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Jul
2019 (Nov-Dec)
2020 (Jan – July)
LARAEC Engagement Timeline

OVERVIEW OF BOARD MEETINGS WITH FUNDING FORMULA DISCUSSIONS



December 2017 – Closed Session

- Discussion of MUSD audit
- Requested the MUSD propose a solution at the next Open Meeting.

January 19, 2018 – Open Meeting

https://www.auditor.ca.gov/pdfs/reports/2017-104.pdf

- MUSD has been audited
- MUSD will be returning funds to the Consortium (one-time funds and on-going funds)
- Allocation of one-time returned funds was determined
- Re-allocation of ongoing funds will be divided based on the current allocation (minus MUSD) until such time the Consortium or state revises the allocation formula.

III. **Discussion Items:**

a. Montebello Unified School District, State Audit, LARAEC Recommendations

i. Mr. Asturias introduced Mr. Craig Lee as Financial Manager of MUSD, here in response to the state audit that was done at the MUSD, in particular, their recommendations regarding the reallocation of funds related to the Montebello Adult School, and in collaboration with LARAEC. Their report today was prepared with Mr. Garcia. He summarized the demographics of MUSD's students:

vi. Going forward, Mr. Garcia will provide update reports including but not limited to enrollment and budget. Mr. Lee then presented a proposed plan for potential cuts to MUSD following the return of their funding:

A. MUSD is proposing to defer about 31% of total AEBG funds back to LARAEC, including all carryover, data and accountability funds, and an additional 1.2 million dollars.

vii. They also plan to reduce their operating budget by 1.8 million for 18/19 School Year, which will also be returned to LARAEC. They propose to return a total of 8.1 million to LARAEC over the next two fiscal years.

xi. Dr. Miller then moved that Burbank receives 847,000, Culver receives 682,000, and the remainder of the balance being redistributed goes to LAUSD, which was calculated at $3,501,845. Ms. Montes seconded it. Mr. Stark expressed that he appreciates Burbank and Culver City being willing to maneuver a little bit here and provide some information so he feels like he knows what he's voting on.

The motion was approved unanimously with five aye

xiii. Dr. Miller moved that the ongoing funds be allocated in the manner in which the current allocation formula dictates. Mr. Stark seconded.

A. Ms. Montes said that she felt if they were going forward with allocation formulas it was time to revisit creating a new formula, because their current percentage in the allocation will mean they receive very little of the $1.8 million mentioned in the motion.

B. Dr. Miller followed up by saying that's a bigger discussion, and that the 1.8 is a relatively small amount of money in a special case. That money would get distributed according to the formula and is ongoing until such time the state changes the allocation to our group or we change the allocation formula.

February 23, 2018 – Open Meeting

- Board members discussed the desire for funding formula
- Board members discussed LAO report on need for a formula. Board members discussed need for leading the way in the state.

The 2018-19 Budget:
Adult Education Analysis

MAC TAYLOR
LEGISLATIVE ANALYST
FEBRUARY 2018

LAO

Summary

https://lao.ca.gov/reports/2018/3752/2018-19-Adult-Education-Analysis-021518.pdf

A. Mr. Stark shared some data points from the one-time funding distribution voted on last board meeting, and the inequality among districts in terms of the percentage of their allocation they received from the one-time funding, which he believes cannot be justified.

B. Mr. Stark brought the board's attention to the new report from the Legislative Analyst's Office from the state, whose new recommendation was to have the state come up with a per-student funding formula. He would like to see LARAEC lead the way and flex its muscle to perhaps propose to the state a per-student formula that makes sense.

C. Dr. Miller agreed that LARAEC is the 1600-pound consortium in the state. Collectively they should rally officials around what the LAO is saying.

D. Mr. Montes agrees that they need to be the group that leads the way in terms of coming up with a formula.

7. Equitable and Sustainable AEBG funding formula for LARAEC K-12 adult and LACCD members

   A. Mr. Urioste admitted that the LAO report gave him pause when it says "Uniform" referring to funding policy. He thinks they need to look at and define "uniform" in light of some of these programs that are specialized and would have additional costs per pupil.

   B. Mr Asturias commented that the PPT has been tasked with coming up with a student formula, and relation he would like to bring forward issues with PPT directives from the board.

      i. Often times they have more questions than answers, and need to have a mechanism to clarify with the board a little better so that they can provide the outcome the board expects.

   C. Dr. Miller said that the LAO report is of great interest to all consortia because it does portend significant changes and relief in a number of areas. He wonders if this body should reach out to all consortia or a number of consortia to have a work group pulled together to have a plan that can be promoted at the state advocacy level and move forward.

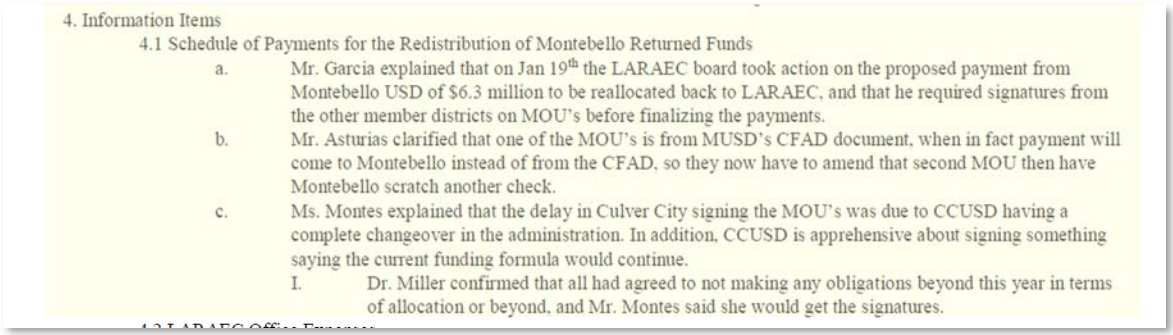
F. Mr. Garcia confirmed that three members of this board are part of CAEAA and the CCAE and they should reach out to both.

G. Mr. Stark agreed, and said to keep in mind that they are a one-of-a-kind consortium, so they might have issues where other districts have no interest or where those issues don't apply to them. He is all for collaboration, but in many cases they may not get a lot of support from adult schools up north, for example. He thinks LARAEC should be leading the way in the state.

H. Ms. Montes said that it is a very delicate balance to lead the way and separate themselves from the larger group. Dr. Miller added that it is incumbent upon all of them to actively engage and take a leadership role, but to be cognizant of everyone's situation along the way.

March 16, 2018 – Open Meeting

- LAO Report presentation included recommendation for setting a uniform per-student funding formula for adult education in California.
- Schedule of payment for reallocation of MUSD returned funding.
- Assurance that approval of MUSD re-allocation does not lock in obligation to current distribution beyond the 2018/19 school year.
- Board determined that an outside firm to guide the development of a funding formula was not necessary at this time. Board requested staff to conduct research on the subject.



4. Information Items

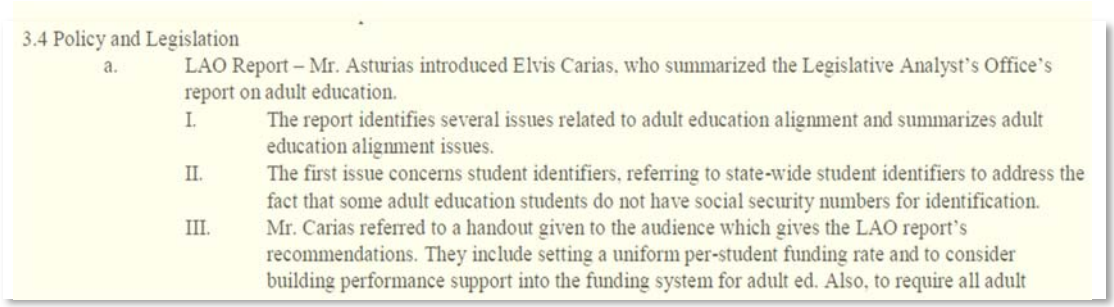
4.1 Schedule of Payments for the Redistribution of Montebello Returned Funds

a. Mr. Garcia explained that on Jan 19th the LARAEC board took action on the proposed payment from Montebello USD of $6.3 million to be reallocated back to LARAEC, and that he required signatures from the other member districts on MOU's before finalizing the payments.

b. Mr. Asturias clarified that one of the MOU's is from MUSD's CFAD document, when in fact payment will come to Montebello instead of from the CFAD, so they now have to amend that second MOU then have Montebello scratch another check.

c. Ms. Montes explained that the delay in Culver City signing the MOU's was due to CCUSD having a complete changeover in the administration. In addition, CCUSD is apprehensive about signing something saying the current funding formula would continue.

I. Dr. Miller confirmed that all had agreed to not making any obligations beyond this year in terms of allocation or beyond, and Mr. Montes said she would get the signatures.



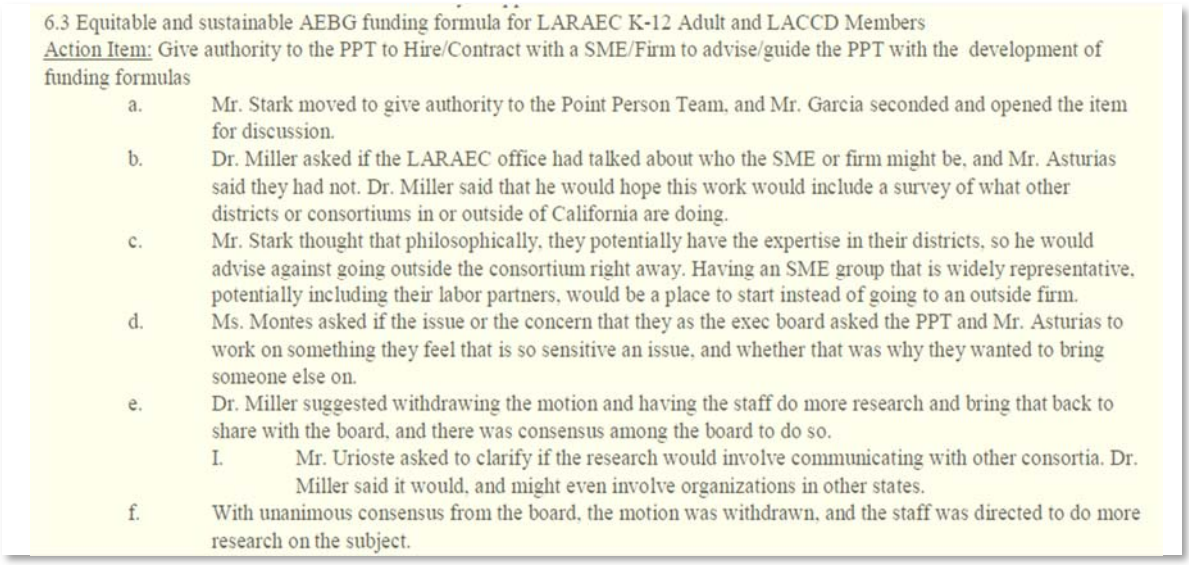
3.4 Policy and Legislation

a. LAO Report – Mr. Asturias introduced Elvis Carias, who summarized the Legislative Analyst's Office's report on adult education.

I. The report identifies several issues related to adult education alignment and summarizes adult education alignment issues.

II. The first issue concerns student identifiers, referring to state-wide student identifiers to address the fact that some adult education students do not have social security numbers for identification.

III. Mr. Carias referred to a handout given to the audience which gives the LAO report's recommendations. They include setting a uniform per-student funding rate and to consider building performance support into the funding system for adult ed. Also, to require all adult



6.3 Equitable and sustainable AEBG funding formula for LARAEC K-12 Adult and LACCD Members

Action Item: Give authority to the PPT to Hire/Contract with a SME/Firm to advise/guide the PPT with the development of funding formulas

a. Mr. Stark moved to give authority to the Point Person Team, and Mr. Garcia seconded and opened the item for discussion.

b. Dr. Miller asked if the LARAEC office had talked about who the SME or firm might be, and Mr. Asturias said they had not. Dr. Miller said that he would hope this work would include a survey of what other districts or consortiums in or outside of California are doing.

c. Mr. Stark thought that philosophically, they potentially have the expertise in their districts, so he would advise against going outside the consortium right away. Having an SME group that is widely representative, potentially including their labor partners, would be a place to start instead of going to an outside firm.

d. Ms. Montes asked if the issue or the concern that they as the exec board asked the PPT and Mr. Asturias to work on something they feel that is so sensitive an issue, and whether that was why they wanted to bring someone else on.

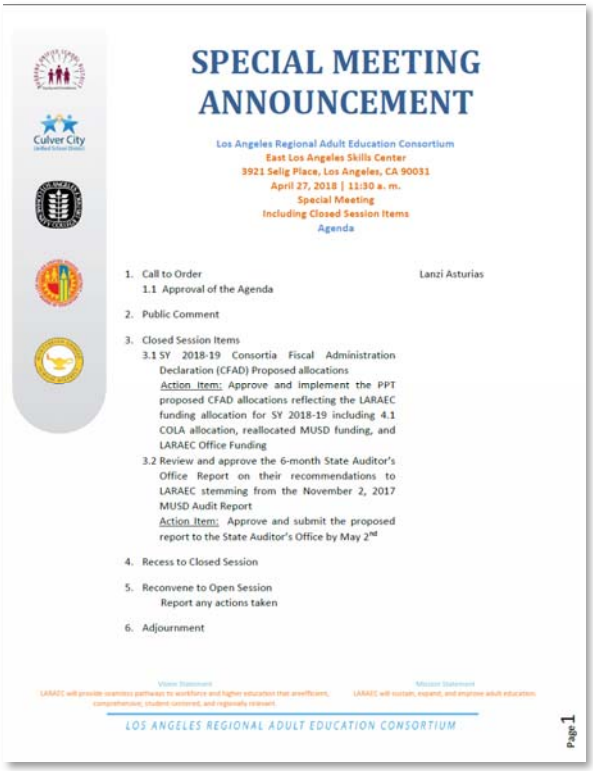
e. Dr. Miller suggested withdrawing the motion and having the staff do more research and bring that back to share with the board, and there was consensus among the board to do so.

I. Mr. Urioste asked to clarify if the research would involve communicating with other consortia. Dr. Miller said it would, and might even involve organizations in other states.

f. With unanimous consensus from the board, the motion was withdrawn, and the staff was directed to do more research on the subject.

April 27, 2018 – Special Meeting: Closed Session

- Approved CFAD proposed allocations which include the MUSD reallocated funding.
- Reviewed and approved the 6 month response to the State Auditor's Report.



SPECIAL MEETING ANNOUNCEMENT

Los Angeles Regional Adult Education Consortium
East Los Angeles Skills Center
3921 Selig Place, Los Angeles, CA 90031
April 27, 2018 | 11:30 a. m.
Special Meeting
Including Closed Session Items
Agenda

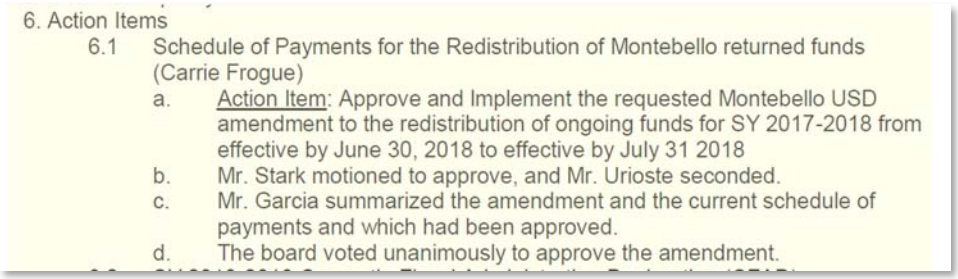
1. Call to Order — Lanzi Asturias
   1.1 Approval of the Agenda
2. Public Comment
3. Closed Session Items
   3.1 SY 2018-19 Consortia Fiscal Administration Declaration (CFAD) Proposed allocations
   Action Item: Approve and implement the PPT proposed CFAD allocations reflecting the LARAEC funding allocation for SY 2018-19 including 4.1 COLA allocation, reallocated MUSD funding, and LARAEC Office Funding
   3.2 Review and approve the 6-month State Auditor's Office Report on their recommendations to LARAEC stemming from the November 2, 2017 MUSD Audit Report
   Action Item: Approve and submit the proposed report to the State Auditor's Office by May 2nd
4. Recess to Closed Session
5. Reconvene to Open Session
   Report any actions taken
6. Adjournment

LOS ANGELES REGIONAL ADULT EDUCATION CONSORTIUM

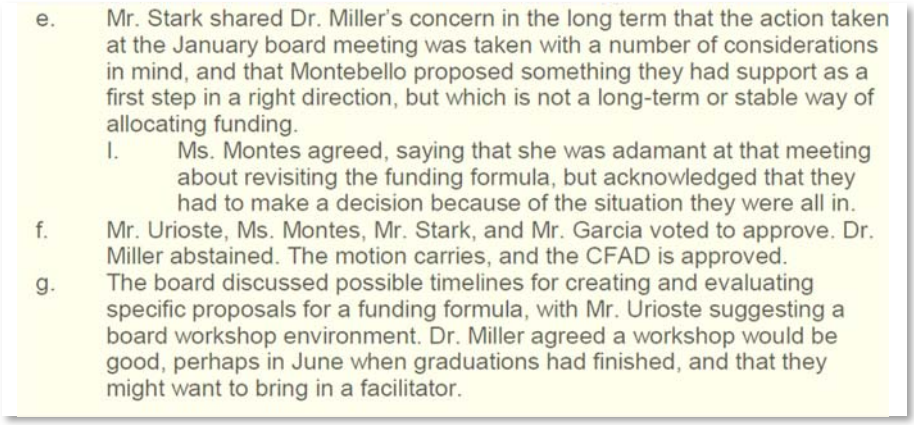
Page 1

April 27, 2018 – Open Meeting

- Changed effective date of MUSD Redistribution to July 31, 2018
- Board discussion about redistribution as a short term solution and acknowledged that they wanted to look at creating and evaluating funding formula proposals.
- A workshop specifically for funding formula was discussed.



6. Action Items
   6.1 Schedule of Payments for the Redistribution of Montebello returned funds (Carrie Frogue)
   a. Action Item: Approve and Implement the requested Montebello USD amendment to the redistribution of ongoing funds for SY 2017-2018 from effective by June 30, 2018 to effective by July 31 2018
   b. Mr. Stark motioned to approve, and Mr. Urioste seconded.
   c. Mr. Garcia summarized the amendment and the current schedule of payments and which had been approved.
   d. The board voted unanimously to approve the amendment.



e. Mr. Stark shared Dr. Miller's concern in the long term that the action taken at the January board meeting was taken with a number of considerations in mind, and that Montebello proposed something they had support as a first step in a right direction, but which is not a long-term or stable way of allocating funding.
   I. Ms. Montes agreed, saying that she was adamant at that meeting about revisiting the funding formula, but acknowledged that they had to make a decision because of the situation they were all in.
f. Mr. Urioste, Ms. Montes, Mr. Stark, and Mr. Garcia voted to approve. Dr. Miller abstained. The motion carries, and the CFAD is approved.
g. The board discussed possible timelines for creating and evaluating specific proposals for a funding formula, with Mr. Urioste suggesting a board workshop environment. Dr. Miller agreed a workshop would be good, perhaps in June when graduations had finished, and that they might want to bring in a facilitator.

May 18, 2018 – Open Meeting

- Board member discussion to make uniform funding rate a part of advocacy moving forward
- Discussion of next steps for creating a funding formula and scheduling a Board workshop

5. Board Member Reports
   a. Mr. Stark began by discussing the LAO report mentioned in previous meetings, and how it called for a revamping of adult education funding rules, and for a uniform funding rate. He asked the board to make this an item in advocacy moving forward.

Discussion/Action Items Open Meeting 05/18/18

6.1 Discussion: Fair and Equitable Funding Formula: Discussion about next steps to move forward on the creation of a funding formula for the allocation of the LARAEC budget.

6. Discussion/Action Items
   6.1 Discussion: Fair and Equitable Funding Formula
      a. Ms. Montes acknowledged that they had suggested creating a board workshop regarding a fair and equitable funding formula at the last board meeting, and asked whether they should keep board workshops on Fridays at a similar time to their normal board meetings. The board agreed.
      b. Mr. Garcia said that after a conversation with CDE, he did not want to jump into this kind of mechanism, and wanted all members to be audited prior to finalization of any funding formula

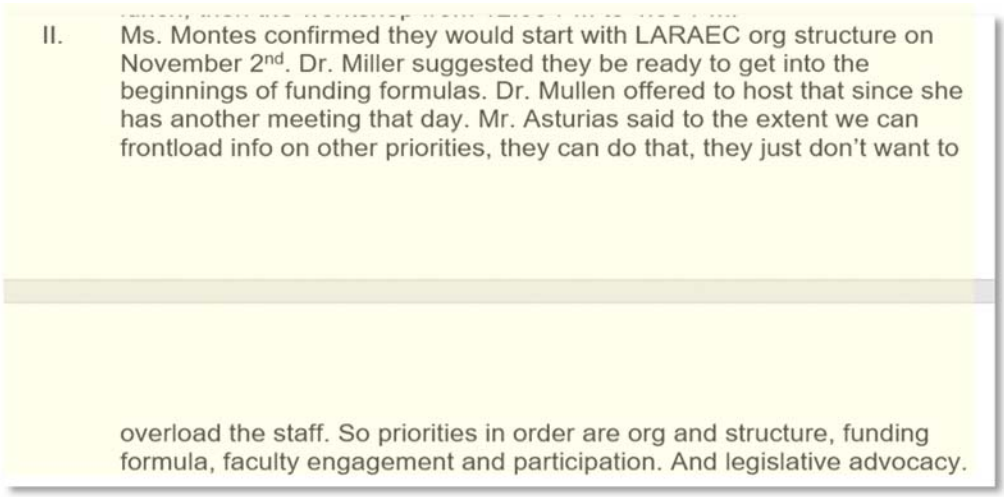
September 21, 2018 – Special Meeting

- Funding formula was set as priority for workshops.
- Determined that organizational structure will be first, followed by funding formula.

Develop a calendar and a list of topics/items to be covered in future workshops
a. Ms. Montes introduced the general purpose of the meeting: to talk about topics/items to be covered in future workshops for the LARAEC board and stakeholders, and to discuss the scope of each topic and whether they could have people come in to present information.

c. Mr. Stark would like to discuss the funding formula, potential funding formulas, and maybe tied to that, possible legislative advocacy about funding.

Dr. Miller asked what priorities should be, saying that the funding formula was identified as the first priority, and legislative would be tied to the state's calendar.

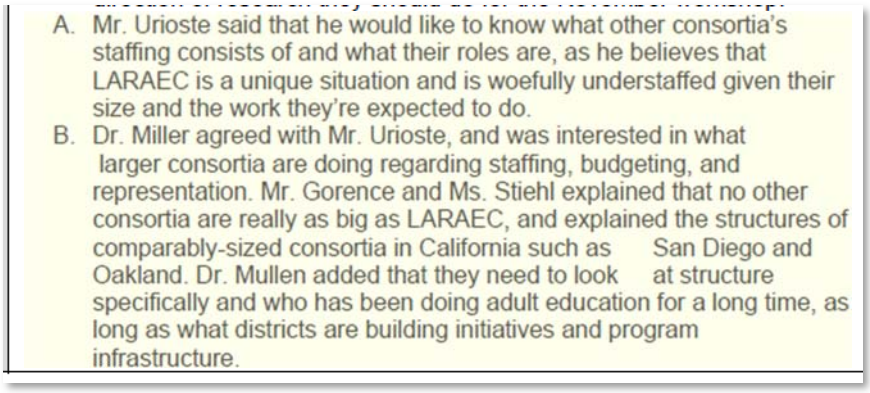


II. Ms. Montes confirmed they would start with LARAEC org structure on November 2nd. Dr. Miller suggested they be ready to get into the beginnings of funding formulas. Dr. Mullen offered to host that since she has another meeting that day. Mr. Asturias said to the extent we can frontload info on other priorities, they can do that, they just don't want to

overload the staff. So priorities in order are org and structure, funding formula, faculty engagement and participation. And legislative advocacy.

October 19, 2018 – Open Meeting

- Outlined questions for Governance Research
- Board asked staff to add staffing and budgeting to the research questions asked of other consortia.



A. Mr. Urioste said that he would like to know what other consortia's staffing consists of and what their roles are, as he believes that LARAEC is a unique situation and is woefully understaffed given their size and the work they're expected to do.
B. Dr. Miller agreed with Mr. Urioste, and was interested in what larger consortia are doing regarding staffing, budgeting, and representation. Mr. Gorence and Ms. Stiehl explained that no other consortia are really as big as LARAEC, and explained the structures of comparably-sized consortia in California such as San Diego and Oakland. Dr. Mullen added that they need to look at structure specifically and who has been doing adult education for a long time, as long as what districts are building initiatives and program infrastructure.

December 7, 2018 – Special Meeting

- Presented Funding Formula Research
- Discussion time between Point Person and Board Member pairs was allowed
- Reminder of MUSD audit requirements and timeline for meeting budget obligations.
- Recommendation by staff to resolve current audit issue by starting with a simple formula, with the option to move to something more complex in the future.
- Request to take Funding Formula information back to district for further discussion with stakeholders.

- Suggestion to have MUSD meet with Point Persons, Staff, and Board President to develop one or more recommendations relative to the funding imbalance.
- Funding Formula topic will be placed on the January 18, 2019 Regular Meeting.

II. Funding Formula Research Presentation

A. Ms. Montes explained that on September 21, the development of a fair and equitable funding formula was identified as a priority area for SY 2018-2019. The special meeting would therefore be focused on discussion and deliberation regarding this subject, with no decision-making taking place. She said that it would be a vehicle to allow them a space to reflect on priorities and engage in productive discussion. She clarified that the presentation compiled by LARAEC staff does not contain recommendations, but is meant to be a jumping-off point for discussion.

L. Ms. Montes thanked Ms. Stiehl, Mr. Gorence, and Mr. Asturias for their work, and suggested that they have a ten-minute bouncing-off session by separating into groups and sharing with their partners what is most appealing to them from the presentation, and their primary concerns or considerations with what they heard.

Final Discussion

A. Mr. Asturias said that they have met all of the recommendations offered to LARAEC from the state office with one exception: the rightsizing of the district allocations. As long as that is not met, they are subject to the recommendations of the auditors for another 6 months/1 year. He advised the board to keep in mind that if this were to become an action item, it would have to become one in February. Because if there are to be pink slips, they would need to go out by March 15th. Mr. Asturias said that what that means is, retroactively in January we would have to have a discussion at the next open meeting, so if they needed to have a second workshop it would have to be between now and the next January regular meeting in the middle of January. He said it was something to keep in mind as they push forward with this decision. Mr. Asturias referred to previous discussions during the meeting of starting with simple solutions and going to more complex ones, saying that they might need to do something to address the issues at hand and then move forward perhaps with the three year plan, formulating a more complex formula down the road.

B. Mr. Urioste thought it would be good to take the information from this meeting and share it with each board members' supervisors, get their input, and bring it back.

G. Ms. Montes suggested bringing this information to a future meeting for discussion. Dr. Miller suggested sitting down with MUSD offline, with a few board members, and developing a recommendation. Mr. Asturias said that that may be contrary to Brown Act procedures, and Dr. Miller said that they can have one or two of the board members without it being public. Dr. Mullen added that they can have a board member and a staff person as well.

1. Philip Tenorio asked if they could define effectiveness vs ineffectiveness in the language of the state audit, since that definition has to come up again and again, and he thinks they should have some kind of finality on the related governance conversation. He thinks they should meet informally before they go off on other tangents and come up with solutions.

H. Dr. Miller motioned that the executive board appoint the director (Ms. Montes) and two point people to sit down with MUSD and develop one or more recommendations relative to the funding imbalance MUSD had. Ms. Montes seconded.

1. Dr. Miller recommended Dr. Mullen as one of those two point people. Ms. Montes recommended Mr. Carias.
2. LARAEC Executive board agreed that point persons team would be included in the above mentioned meeting with Montebello.

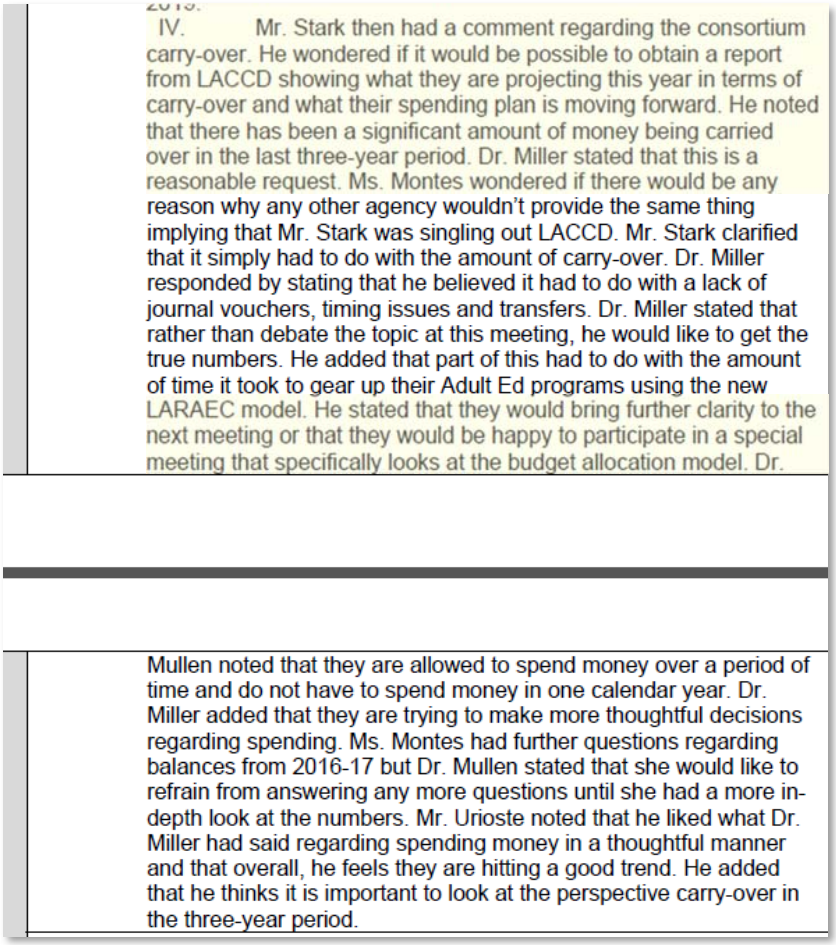
A. Ms. Montes asked, with January 18, 2019 being their next open meeting, should the executive board meet for a few hours beforehand on the funding formula topic? Dr. Miller thought that if they agendized the report produced by LARAEC staff for the meeting, it will work out. Ms. Montes also said that if they need to add a meeting, they can add a meeting.

January 16, 2019 – Point Persons, MUSD, and Staff Meeting

- Discussed Board directive to develop one or more recommendations relative to the funding imbalance.
- Attended by: Lanzi Asturias, Elvis Carias, Yanira Chavez, Adrienne Ann Mullen, Phillip Tenorio, Alice Jacquez, Amy Gill, Michele Stiehl, Justin Gorence
- The report to the board for 01/18/19 will be that we have had our first meeting and have a second meeting scheduled. There is no report of recommendations at this time. The group will reconvene January 23rd at 10AM at VanDeKamp Innovation Center.

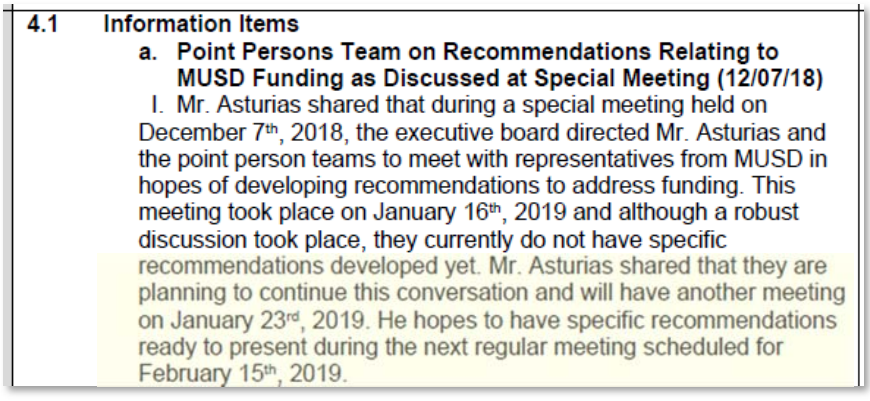
January 18, 2019 – Regular Meeting

- Discussion about carry-over and reporting the spending plan to the Consortium. LACCD agreed to share their spending plan for the three years of carry-over.
- Point Person, Staff, and MUSD meeting took place. Another meeting was planned to continue the conversation. Specific recommendations should be ready for the next meeting.
- LAUSD presented a version of a LARAEC Funding Formula
- Decision was made to schedule another Special Meeting to discuss funding formula.



2019.

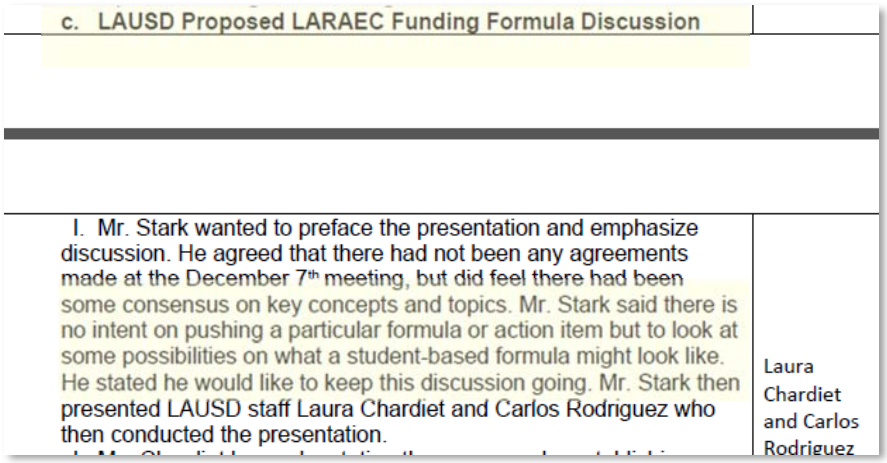
IV. Mr. Stark then had a comment regarding the consortium carry-over. He wondered if it would be possible to obtain a report from LACCD showing what they are projecting this year in terms of carry-over and what their spending plan is moving forward. He noted that there has been a significant amount of money being carried over in the last three-year period. Dr. Miller stated that this is a reasonable request. Ms. Montes wondered if there would be any reason why any other agency wouldn't provide the same thing implying that Mr. Stark was singling out LACCD. Mr. Stark clarified that it simply had to do with the amount of carry-over. Dr. Miller responded by stating that he believed it had to do with a lack of journal vouchers, timing issues and transfers. Dr. Miller stated that rather than debate the topic at this meeting, he would like to get the true numbers. He added that part of this had to do with the amount of time it took to gear up their Adult Ed programs using the new LARAEC model. He stated that they would bring further clarity to the next meeting or that they would be happy to participate in a special meeting that specifically looks at the budget allocation model. Dr. Mullen noted that they are allowed to spend money over a period of time and do not have to spend money in one calendar year. Dr. Miller added that they are trying to make more thoughtful decisions regarding spending. Ms. Montes had further questions regarding balances from 2016-17 but Dr. Mullen stated that she would like to refrain from answering any more questions until she had a more in-depth look at the numbers. Mr. Urioste noted that he liked what Dr. Miller had said regarding spending money in a thoughtful manner and that overall, he feels they are hitting a good trend. He added that he thinks it is important to look at the perspective carry-over in the three-year period.



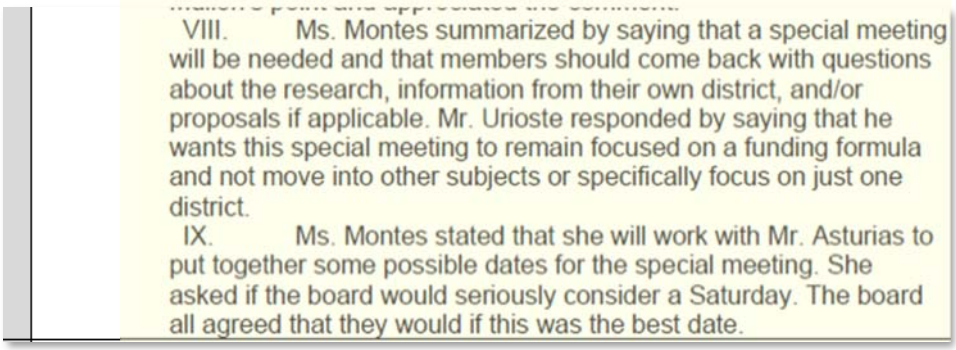
4.1 Information Items

a. Point Persons Team on Recommendations Relating to MUSD Funding as Discussed at Special Meeting (12/07/18)

I. Mr. Asturias shared that during a special meeting held on December 7th, 2018, the executive board directed Mr. Asturias and the point person teams to meet with representatives from MUSD in hopes of developing recommendations to address funding. This meeting took place on January 16th, 2019 and although a robust discussion took place, they currently do not have specific recommendations developed yet. Mr. Asturias shared that they are planning to continue this conversation and will have another meeting on January 23rd, 2019. He hopes to have specific recommendations ready to present during the next regular meeting scheduled for February 15th, 2019.



c. LAUSD Proposed LARAEC Funding Formula Discussion	
I. Mr. Stark wanted to preface the presentation and emphasize discussion. He agreed that there had not been any agreements made at the December 7th meeting, but did feel there had been some consensus on key concepts and topics. Mr. Stark said there is no intent on pushing a particular formula or action item but to look at some possibilities on what a student-based formula might look like. He stated he would like to keep this discussion going. Mr. Stark then presented LAUSD staff Laura Chardiet and Carlos Rodriguez who then conducted the presentation.	Laura Chardiet and Carlos Rodriguez



VIII. Ms. Montes summarized by saying that a special meeting will be needed and that members should come back with questions about the research, information from their own district, and/or proposals if applicable. Mr. Urioste responded by saying that he wants this special meeting to remain focused on a funding formula and not move into other subjects or specifically focus on just one district.

IX. Ms. Montes stated that she will work with Mr. Asturias to put together some possible dates for the special meeting. She asked if the board would seriously consider a Saturday. The board all agreed that they would if this was the best date.

January 23, 2019 – Point Persons, MUSD, and Staff Meeting

- Discussed Board directive to develop one or more recommendations relative to the funding imbalance.
- Attended by: Lanzi Asturias, Elvis Carias, Yanira Chavez, Adrienne Ann Mullen, Phillip Tenorio, Alice Jacquez, Amy Gill, Michele Stiehl, Justin Gorence, Men Le, and Don Ellingson
- Discussion about funding formula workshop format, adjustment period, funding philosophy, data, LARAEC office, and e-testing.
- Recommendation by some for a funding philosophy rather than a formula. This concept will be presented at the Board Workshop scheduled for February 9.

February 5, 2019 – Point Persons Meeting: Phone Conference

- Discussed Board directive to develop one or more recommendations relative to the funding imbalance.

- Attended by: Lanzi Asturias, Elvis Carias, Yanira Chavez, Adrienne Ann Mullen, Phillip Tenorio, Men Le, Michele Stiehl, Justin Gorence
- Discussed current formula and whether there is a need for adjustment, "hold harmless" for Montebello, new money distribution, rolling the COLA, removing data-drivers, adding data transparency, and funding philosophy.
- Several point persons agreed to present a 3 point funding philosophy to the Board at the February 9 Board workshop. Men Le did not endorse the plan. On Feb 8th Phil Tenorio abstained from his support of the Point Person recommendations.

February 9, 2019 – Special Meeting

- Adrienne Ann shared the funding philosophy that came out of the Point Persons meetings with MUSD.
- Each district was invited to share their funding criteria perspective and district considerations.
- Discussed that existing funding allocations will be used for 19-20. If there is new money for 19/20 then the Board can open discussion again. Funding formula for future years can be discussed in the future.

A. District Considerations:

A. ***Ms. Veronica Monte (Culver City USD)***- provided the ground rules of the meeting. Discussed communication norms. Montes invited each representative from the respective districts to provide input.

Dr. Adrienne Ann Mullen (LACCD)- Stated she struggled to devise a formula as to how to think as a consortium. Her goal was to come up with a philosophy. The focus was to look at three areas:

1) Base plus X;

2) Accountability Measures; and

3) Adjustment data

She reported a number of scenarios and said the importance is to work through this process.

Dr. Mullen showed a power point presentation. (see notes from ppt)

Dr. Miller --- agree amount of money they received; everything else is status quo for next year.

Joe – what action or you declaring?

Dr. Miller --- everybody is going to keep the amount they received in the past year; with exception of Montebello.

Veronica --- not ready for agreement conversation.

Dr. Miller – We have to leave the room; the cake is baked.

Emilio – I am fine with an open matrix for funding for additional dollars coming into the district. If they were new funding for 20; we would be open to that.

Alice --- we want to make sure we are aligned for reallocation.

Veronica – a closed staff wouldn't be necessary. It would be good from a sense where people are and where they want to go. We can go with existing funding for 19-20; but we have to figure out a way before money is on the table. It's important to count when you're not looking at them; so that we can support our students. Any other data we can bring to the legislators will have a great return on investment.

ADJOURNED AT 12:40 PM – Lanzi suggested members arrive at 9:00 am for a full agenda. Next meeting scheduled for Fri., Feb 16, 2019 at 9:30 am.

Adjournment

February 15, 2019 – Regular Meeting

- Discussion about LAREAC's MUSD Audit response to state correspondence. Will provide response to approve at next meeting.
- Discussion CCUSD Interim funding proposal to meet 2019/20 needs. No action from Board.
- Discussion about creating a special meeting to discuss creation of a legislative agenda to address funding

c. State Auditors Correspondence and February 12th Report

I. Mr. Asturias explained that there is a report generated by the State Auditor's office, and LARAEC is a part of the report sent to the legislators because the recommendations the State Auditor provided to LARAEC are still partially completed.

II. Dr. Miller added that the report from the CA state auditor references MUSD and LARAEC partially completing the recommendations from that office, and suggests responding as LARAEC in some form to make sure the policy makers reading the report know about their efforts to address the recommendations. He added that only 2 of the 32 recommendations directly affect LARAEC.

that response. Mr. Urioste thought the response needs to come from LARAEC so they can also clarify LARAEC's efforts to help them as a consortium. Mr. Asturias said that they can formulate that prior to the next open meeting and submit and agendize it for approval.

Information/Discussion Items

a. 4.1 - Culver City School Year 2019-2020 Interim Funding Proposal

I. Ms. Montes referred to the handouts in explaining 4.1, saying that she was under the impression that they would be implementing a new funding formula for 19-20 and she has been waiting for help on that. All the scenarios presented by MUSD on the funding research day and LAUSD all showed a more equitable distribution for CCUSD. The handout shows what the funding situation for CCUSD is and what their deficit is based on, as well as TE enrollment and COLA.

II. Ms. Montes explained she is making an appeal to the consortium to collaborate and close that deficit in 19-20. It's interim, because it gives them time to come up with a full funding formula for 20-21. And if Culver City does not spend

b. 4.2 - Discussion of next steps in creating a LARAEC Legislative Agenda

I. Mr. Stark thinks that as a board they have to decide if there are one or two legislative goals as LARAEC that they want to go after. They can't just go to Sacramento and ask for more money; they should have a proposal with a message and data supporting it.

II. Dr. Miller added that they have major state associations with lobbyists, and might want to have a meeting with their leadership and their lobbyists where they can put in front of them the goals of the largest consortium in the state and say, what are you going to do about that and how can we help you with that. LACCD's chancellor board would be very supportive of adding two adult education non-credit goals on their legislative agenda. He suggested the staff come up with 3-5 priorities; Mr. Stark added that there are existing proposals already in progress; one is about state funding, and he asked if they could merge the two and tagging onto it.

IV. Dr. Miller agreed, and said that they can argue over the crumbs they get, but it won't solve the bigger issue until they get state associations and unions involved in legislative action. He does not think a down and dirty discussion to fight over money will be helpful here, and the 19-20 situation is pretty much locked in.

V. Mr. Urioste added that those of them who have CTE also have to deal with the cost for materials, equipment, and supplies, plus additional staff costs for implementing IET.

VI. Ms. Jacquez asked what CCUSD's deficit increase is due to, and Ms. Montes summarized that the money they received from MUSD only took them so far, so the deficit is due to what they need this year to continue programs. They are not expanding. Ms. Montes said that if the budgets for 19-20 were locked in, then she did not understand the previous urgency about funding discussions. Mr. Stark said that there was urgency for LAUSD because there wasn't quite the consensus around crystallization about what to do about examining proposals; given where they are in the budget process, they have accepted they have what they have and will fight another day.

VII. Mr. Urioste added that now is the time to propose a new distribution formula for this to have time to implement it. Also, BUSD has had to make sacrifices as well; he does not have an assistant principal, and has had tough conversations about not including programs.

V. Mr. Asturias suggested the LARAEC staff use the discussions today and minutes from previous meetings and try to distill 3 elements that they can contribute to them, and as a group they can interview each one of you to see what you'd like from us in this process. Dr. Miller would like to see before next meeting staff reach out to those lobbying associations and say they want a meeting and to help.

IX. Mr. Asturias said that the LARAEC office can reach out to those organizations to convene a meeting officially to present some of their goals and concerns. Dr. Miller that LACCD also has board members and their chancellor who would be happy to get on board with this. For some of them, it's a conference call, but as many as they can get to join the conversation is good.

October 23, 2019 – Special Meeting

- MUSD Audit Timeline: Historical and proposed.
- Discussion of previous funding formula conversations and Funding Formula Research presentation.
- Board approval of proposed timeline and response to state correspondence.
-

3.1 State Audit Response

a. **Presentation by Mr. Asturias**

i. Mr. Asturias reviewed a presentation that outlined the timeline and activities thus far in responding to the State Audit of Montebello.

ii. During the presentation, Mr. Stark commented that he thinks it is important to draw the distinction that the board's response in its initial objection to what the state proposed was regarding the idea that other districts would be held responsible for overseeing MUSD.

b. **Board Member Discussion**

i. Mr. Stark said that, with regard to the funding formula, there has been extensive discussion and workshops, and LAUSD proposed a formula on January 18th, 2019 for discussion. And the components of what they proposed were that the districts were already presenting most of the components to the state individually. According to the timeline, they need to respond fairly quickly, and Mr. Stark asked what is going to change between now and the next few months? They are already reporting a lot of these

elements to the state, are they saying they don't believe their own numbers, that they need new numbers? What information is the board going to need to actually engage in this work and get some kind of decision made, since the state is kind of breathing down their neck.

ii. Mr. Urioste recalled at the time that they looked at this that there were maybe 4 or 5 different options presented. So he thinks that's the critical piece, going back and looking at those options, and he knows there were questions about them, and that would be the critical step. Mr. Urioste asked, on the slide into the future, where Mr. Asturias says that the funding formula takes effect in the 2022 school year, is he talking the 2021/2022 academic year, and Mr. Asturias confirmed that that was correct.

3.2 LARAEC Funding Formula Development

a. Mr. Asturias explained that as it pertains to 3.2, the issue is, as noted on the timeline, the timeline is appropriate and realistic to meet the requirement from the state audit.

present at the meeting to answer board questions.

d. Mr. Asturias clarified that the meeting was still on agenda item 3.2, and with 3.2 they were trying to get a board consensus that the funding formula was something that needed to be addressed, and based on the board's comments, there is a consensus.

funding formula.

a. Mr. Asturias clarified that the only thing being asked of the board today involved agreeing on the timeline of implementing or developing a new funding formula between December and March so they can tell the state by October 25th that during this interval, they will be creating a funding formula that will go into effect on July 1st, 2020, but that will go into effect in 2020, 2021, and 2022.

III. Ms. Montes asked to clarify if the development of a new funding formula would take place between December 2019

and March 2020, and would be implemented not in the 2021 school year, but the 2021/2022 school year.

V. Mr. Asturias said that the next item was item 32, that they will receive a draft of the policies by the end of the year. THat has been adjusted since the auditors of LARAEC requested a slight reprieve. If that meets with the board approval, that covers what was discussed in the presentation, including training. He added that the bullet point proposed to be added would be sent to the board for individual approval, and they will bring the completed document for the actual ratification by the board to the November 15th meeting.

November 15, 2019 – Regular Meeting

- Discussion of revisiting funding formulas from December 2018
- Staff to resend Funding Formula Research, spreadsheets, and LAUSD LARAEC Funding Formula.
- Scheduled Special Meeting: Board Workshop to discuss a funding formula to be implemented for the 21/22 school year.
- Provide staff a list to documents and items to research and provide for the workshop meeting.
- Districts may submit their own proposals for the Board Workshop by a specified deadline.

10. New and/or Unfinished Business — Lanzi Asturias

10.1 Eide Bailly, LLP LARAEC Enrollment Count and Procedures Audit Final Report

10.2 Vasquez and Company, LLP Development of Oversight Policies and Procedures Progress Report

10.3 LARAEC Funding Formula Development Workshop Date and Discussion Requirements

10.4 Action Item: — Emilio Urioste

10.4.1 Adopt LARAEC Bylaws

APPENDIX A: ESSENTIAL DOCUMENTS

Montebello Audit Report

https://www.auditor.ca.gov/pdfs/reports/2017-104.pdf

Montebello Audit Responses and Correspondence

https://www.auditor.ca.gov/reports/2017-104/summary.html

MCAS Redistribution 01/10/18 presented at 01/19/18 LARAEC Open Meeting

Part of 01/19/18 and 10/23/19 Board Packets

Funding Formula Research – Presented 11/9/18 and updated for 12/10/19

Part of 12/10/19 Board Packet

Memorandum of Understanding for MUSD Redistribution

Included on Page 22 of this document

Memorandum of Understanding
Between
Los Angeles Unified School District (LAUSD), Division of Adult and Career Education (DACE), Fiscal Agent for Los Angeles Regional Adult Education Consortium (LARAEC)
and
LARAEC's Member-Districts:
Burbank Unified School District
Culver City Unified School District
Los Angeles Community College District
Los Angeles Unified School District
Montebello Unified School District

This agreement is entered into by Los Angeles Unified School District (LAUSD), Division of Adult and Career Education (DACE), Fiscal Agent for the Los Angeles Regional Adult Education (LARAEC), and LARAEC's Member-Districts: Burbank Unified School District (BUSD), Culver City Unified School District (CCUSD), Los Angeles Community College District (LACCD), Los Angeles Unified School District (LAUSD), and Montebello Unified School District (MUSD) for the purpose of **redistributing ongoing funding** from MUSD to the other Member-Districts of LARAEC as recommended by State Auditor's office pursuant to the November 2, 2017 MUSD audit report, LARAEC recommendations (31 and 31).

A. Scope of Coverage and Costs

LAUSD will receive from MUSD, as a pass through agent, ongoing funding in the amount of $1,269,155 as a one-time payment as early as January 30, 2018 but no later than June 30, 2018. LAUSD, Fiscal Agent for LARAEC for this funds transfer, will transfer to BUSD, CCUSD, LACCD and LAUSD the amount of $1,269,155, the reallocated ongoing funds for SY 2017-18, as determined by the LARAEC Executive Board during the LARAEC Open Meeting on January 19, 2018.

B. Responsibilities

LAUSD shall:

1. Receive a one-time payment of ongoing funds from MUSD in the amount of $1,269,155, as a pass through agent.
2. Redistribute the funds received from MUSD to BUSD, CCUSD, LACCD and LAUSD the amount of $1,269,155, the returned ongoing funds for SY 2017-18, as determined by the LARAEC Executive Board during the LARAEC Open Meeting on January 19, 2018 according to the following SY 2017-18 Column breakdown listed in Table 1 below:

Table 1

	SY 2017-18	SY 2018-19	Total
BUSD	$28,715	$42,555	$71,270
CCUSD	$17,463	$25,879	$43,342
LACCD	$85,797	$127,148	$212,945
LAUSD	$1,135,197	$1,682,321	$2,817,518
MUSD	-$1,269,155	-$1,880,843	-$3,149,998
LARAEC Office	$1,984	$2,940	$4,924

LARAEC shall:

1. Draft all the necessary documentation to complete the transfer of funds as described in item 2 of the LAUSD Responsibilities.
2. Inform the AEBG State Office and the State Auditor's Office of the transfer of funds.
3. Modify SY 2017-18 and SY 2018-19 Consortia Funding Allocation Distribution (CFAD) to reflect the respective yearly increases and decreases with final allocations as noted on Table 2's New Allocation Column:

Table 2

	Current Allocation	Total Transfers	New Allocation
BUSD	$ 2,404,739	$ 71,270	$ 2,476,009
CCUSD	$ 1,462,397	$ 43,342	$ 1,505,739
LACCD	$ 7,185,004	$ 212,945	$ 7,397,949
LAUSD	$ 95,066,418	$ 2,817,518	$ 97,883,936
MUSD	$ 15,588,254	$ (3,149,998)	$ 12,438,256
LARAEC Office*	$ 166,133	$ 4,924	$ 171,057*
Total	**$ 121,872,945**	**$ (0)**	**$ 121,872,945**

*This amount is added to the LAUSD Allocation as LAUSD is the current fiscal agent for the LARAEC activities budget.

Member-Districts (BUSD, CCUSD, LACCD, LAUSD, and MUSD) shall:

1. Accept the allocated funds as the total and final proceeds from the ongoing funds returned by MUSD to the Consortium.

2. Agree that this transfer of funds changes the allocation formula currently in effect for all Member-Districts of LARAEC as indicated on table 1 (SY 2017-18 Column) starting on School Year 2017-18.

3. Agree that this transfer of funds changes the allocation formula currently in effect for all Member-Districts of LARAEC as indicated on Table 2, New Allocations column, starting on School Year 2018-19.

4. Reduce the allocation of each Member-District to cover the cost future funding, SY 2018-19 and beyond, of the LARAEC Office. The LARAEC Board approved-budget is $446,406 and the approved portion or cost to each Member-District (LARAEC Office Cost per District Column) and the final allocation for each Member-District (Final SY 2018-19 Allocation Column) is shown on Table 3 below:

Table 3

	Current Allocation	Total Transfers	New Allocation	LARAEC Office Cost/District	Final SY 2018-19 Allocation
BUSD	$ 2,404,739	$ 71,270	$ 2,476,009	($8,808)	$ 2,467,201
CCUSD	$ 1,462,397	$ 43,342	$ 1,505,739	($5,357)	$ 1,500,382
LACCD	$ 7,185,004	$ 212,945	$ 7,397,949	($26,318)	$ 7,371,631
LAUSD	$ 95,066,418	$ 2,817,518	$ 97,883,936	($348,826)	$ 97,535,110
MUSD	$ 15,588,254	$ (3,149,998)	$ 12,438,256	($57,098)	$ 12,381,158
LARAEC Office*	$ 166,133	$ 4,924	$ 171,057	$ 446,407	$ 617,464*
Total	**$ 121,872,945**	**$ (0)**	**$ 121,872,945**	0	**$ 121,872,945**

*This amount is added to the LAUSD Allocation as LAUSD is the current fiscal agent for the LARAEC activities budget. ***Therefore, the allocation to LAUSD including the LARAEC Office allocation is $ 98,152,574***

C. Terms of Payment

All funds included in this MOU will be received, processed, and redistributed as expeditiously as practicable and according to the regular practices, policies, and procedures of LAUSD.

D. Period of the Contract

The term of this agreement shall commence on January 19, 2018 and terminate upon receipt by the Member-Districts of the reallocated funds as described in item 2 of the LAUSD Responsibilities or June 30 2019, whichever comes first.

E. Indemnification

LARAEC, BUSD, CCUSD, LACCD, LAUSD, and MUSD each agree to indemnify and hold harmless the other parties, its officers, agents, and employees for any liability imposed by law upon such other party which

results from, or is caused by, any negligent or wrongful act or omission in the performance of this contract by the indemnifying party or its officers, agents, or employees.

F. Non-Assignability

This agreement is not assignable.

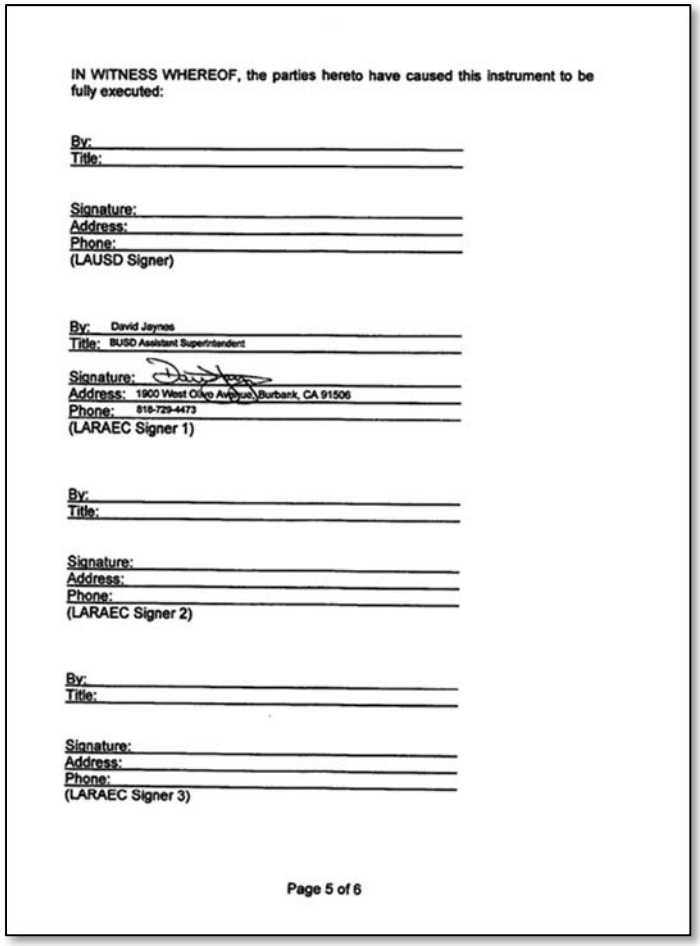
G. Non-Discrimination

It is the policy of LARAEC and LAUSD that in connection with all work performed under this agreement that there be no discrimination against any prospective or active students in the program because of race, color, ancestry, national origin, sex, religious creed or other protected classification or solely on the basis of handicap. In accordance with this policy, all parties agree to comply with applicable federal or state laws.

This Agreement consists of 6 pages and is the full and complete document describing services to be rendered by LARAEC, LAUSD and BUSD.

H. Counterparts

This Contract may be executed in one or more counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument. Facsimile or emailed versions of this Contract shall have the same force and effect as signature of the original.



IN WITNESS WHEREOF, the parties hereto have caused this instrument to be fully executed:

By:
Title:

Signature:
Address:
Phone:
(LAUSD Signer)

By: David Jaynes
Title: BUSD Assistant Superintendent

Signature:
Address: 1900 West Olive Avenue, Burbank, CA 91506
Phone: 818-729-4473
(LARAEC Signer 1)

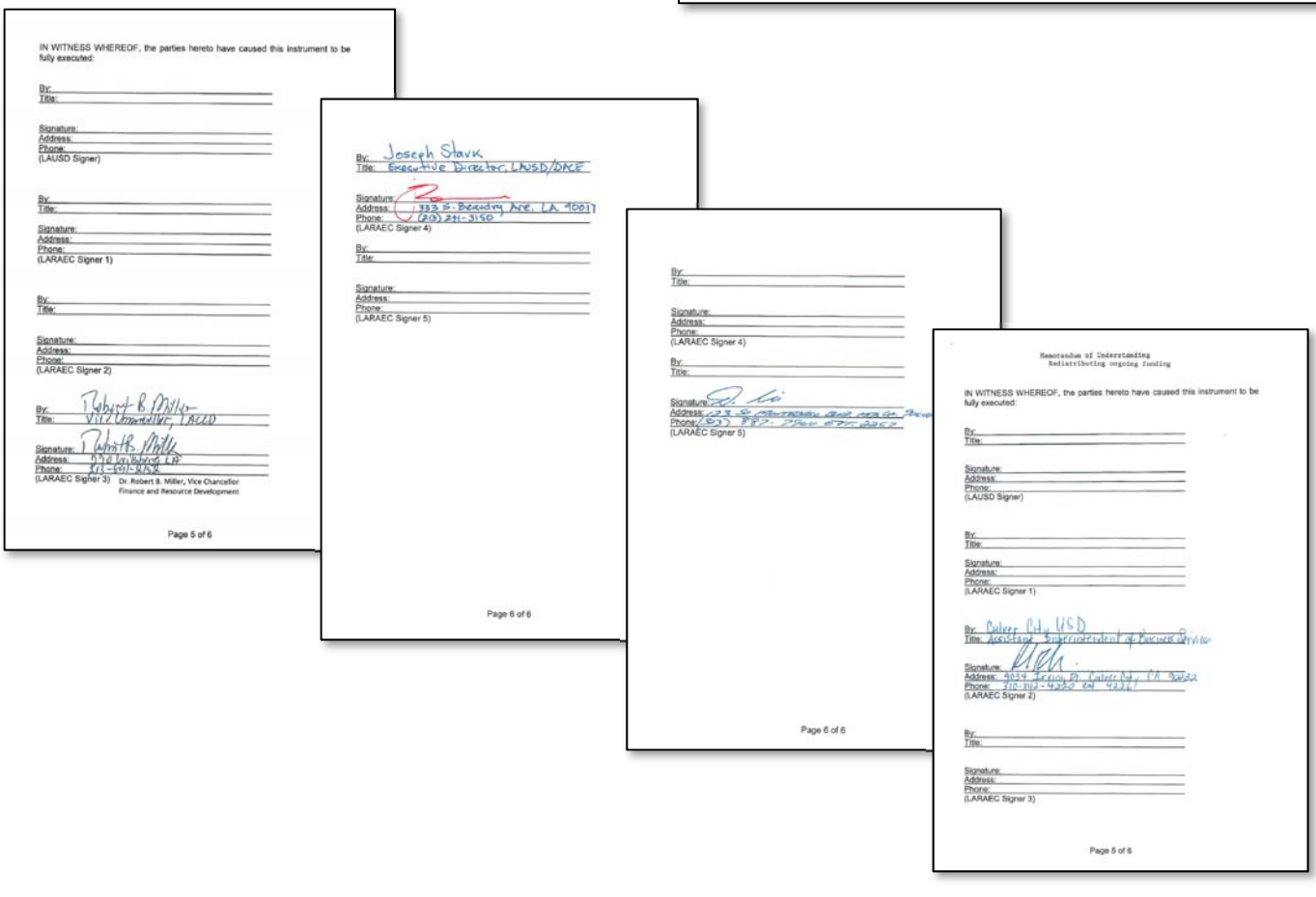
By:
Title:

Signature:
Address:
Phone:
(LARAEC Signer 2)

By:
Title:

Signature:
Address:
Phone:
(LARAEC Signer 3)

Page 5 of 6



IN WITNESS WHEREOF, the parties hereto have caused this instrument to be fully executed:

By:
Title:

Signature:
Address:
Phone:
(LAUSD Signer)

By:
Title:

Signature:
Address:
Phone:
(LARAEC Signer 1)

By:
Title:

Signature:
Address:
Phone:
(LARAEC Signer 2)

By: Robert B. Miller
Title: Vice Chancellor, FASD

Signature:
Address:
Phone:
(LARAEC Signer 3) Dr. Robert B. Miller, Vice Chancellor Finance and Resource Development

Page 5 of 6

By: Joseph Stark
Title: Executive Director, LAUSD/DRCE

Signature:
Address: 333 S. Beaudry Ave, LA 90017
Phone: (213) 241-3150
(LARAEC Signer 4)

By:
Title:

Signature:
Address:
Phone:
(LARAEC Signer 5)

Page 6 of 6

By:
Title:

Signature:
Address:
Phone:
(LARAEC Signer 4)

By:
Title:

Signature:
Address:
Phone:
(LARAEC Signer 5)

Page 6 of 6

Memorandum of Understanding
Redistributing ongoing funding

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be fully executed:

By:
Title:

Signature:
Address:
Phone:
(LAUSD Signer)

By:
Title:

Signature:
Address:
Phone:
(LARAEC Signer 1)

By: Culver City USD
Title: Assistant Superintendent of Business Services

Signature:
Address: 9034 Jefferson Bl, Culver City, CA 90232
Phone: 310-842-4200 ext 4226
(LARAEC Signer 2)

By:
Title:

Signature:
Address:
Phone:
(LARAEC Signer 3)

Page 5 of 6

LOS ANGELES UNIFIED SCHOOL DISTRICT

Accounting & Disbursements Division
Treasury and Other Accounting Services Branch
333 S. Beadury Avenue, 26th Floor
Los Angeles, CA 90017

INVOICE

BILL TO: Mr. DON ELLINGSON
Montebello Unified School District (MUSD)
123 South Montebello Blvd.
Montebello, CA 90640

CONTACT:
Jaina Dabalos/Edna Pantaleon
Treasury & Other Accounting Services Branch
Los Angeles Unified School District
333 S. Beaudry Avenue, 26th Floor
Los Angeles, CA 90017
Tel: (213)241-7941

Reference #	MOU001	**Due Date**	**Invoice #**	18-ADULT001
Reference Text	MUSD CarryOver & Data and Accountabilty Funding	Due Now	**Invoice Date**	4/9/2018

Billing Description:		**Amount**
MUSD one-time AEBG funding consisting of $4,665,368 carryover and $365,477 Data and Accountability funding to be redistributed as follows:*		$5,030,845.00
Burbank Unified School District	$847,000.00	
Culver City Unified School District	$682,000.00	
Los Angeles Unified School District	$3,501,845.00	
	$5,030,845.00	
**As recommended by State Auditor's Office pursuant to the November 2, 2017 MUSD audit report, LARAEC recommendations (31 and 31).*		
	Total	**$5,030,845.00**

Please make check payable to ***"Los Angeles Unified School District"***

MARUCH ATIENZA
Director of Accounting

.....Detach - Here.....

REMITTANCE

Please return this payment Stub with Payment to :

Attention: Jaina Dabalos / Edna Pantaleon
Treasury and Other Accounting Services Branch
Los Angeles Unified School District
333 S. Beaudry Avenue, 26th Floor
Los Angeles, CA 90017

Customer Name: Montebello Unified School District
Invoice No.: 18-ADULT001
Amount Due: $ 5,030,845.00
Reference #: MOU001
Amount paid: _____

APPENDIX: BOARD DOCUMENTS

LARAEC Board Agendas and Summary Minutes

- January 19, 2018 Open Meeting
- February 23, 2018 Open Meeting
- March 16, 2018 Open Meeting
- April 27, 2018 Open Meeting
- April 27, 2019 Special Meeting Closed Session (minutes not available)
- May 18, 2018 Open Meeting
- September 21, 2018 Special Meeting
- October 19, 2018 Regular Meeting
- December 7, 2018 Special Meeting
- January 18, 2019 Regular Meeting
- February 9, 2019 Special Meeting
- February 15, 2019 Regular Meeting
- October 23, 2019 Special Meeting
- November 15, 2019 Regular Meeting (Minutes not available yet)
-

Other Meetings

- January 16, 2019 Point Person and Montebello Meeting
- January 23, 2019 Point Person and Montebello Meeting
- February 5, 2019 Point Person Meeting – Phone Conference
-