

DISTRICT BUDGET COMMITTEE
MEETING MINUTES

Thursday, February 2, 2023 · 1:30 – 3:00 PM

SJECED District Office
40 S. Market St., CR112
San Jose, CA 95113

[Zoom Link](#)

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| 1.) 1:30PM | <p>Call to Order VC Jorge Escobar called the meeting to order at 1:35pm.</p> | Jorge Escobar | ACTION |
| 2.) 1:30-1:35 | <p>Approval of February 2, 2023 Meeting Agenda M/S/C (Chesmore/Abdel Halim) to adopt the amended February 2, 2023 meeting agenda.</p> <p>Add item: Facility Rental Rates – VP Hawken</p> <p>Amend item 10a: Remove <i>Mr. Gonzalez made</i> and replace with <i>The District Budget Committee approved</i>.</p> | Jorge Escobar | ACTION |
| 3.) 1:35-1:40 | <p>Approval of November 17, 2022 Meeting Minutes M/S/C (Stevenson/Ramirez) to approve the November 17, 2022 meeting minutes.</p> <p>Abstention by Jorge Escobar.</p> | Jorge Escobar | ACTION |
| 4.) 1:40-2:00 | <p>Recommend to District Council to continue free tuition with the existing parameters for the 2023-24 academic year.</p> <p>Dean Stevenson reminded the group of this discussion in November. This item was taken to each campus and their respective constituencies and is brought back as an action item today.</p> <p>ED Chesmore commented that funding would be the question. Free tuition would be paid out of categorical funding, and the decision would be up to the campuses. Fund 10 money cannot be used.</p> <p>Yesenia Ramirez asked about student debt pre-COVID. VP Hawken clarified; this item is not referring to debt relief. Dean Stevenson clarified this agenda item is whether or not this committee should recommend free tuition be continued for academic year 2023-24. VC Escobar pointed out this item needs to come through this committee as the guide, and then the recommendation is shared with the District Council.</p> <p>VP Alexander emphasized the money has to come from somewhere. If categorical is used, there will be less money available for other priorities. This could equal \$1.5 million between both campuses.</p> | J Edward Stevenson, All | DISCUSSION/ ACTION |

VP Hawken shared they are discussing this at their Executive Cabinet level on campus and are in favor of moving it forward. They are requesting surveys to see what leads to student success.

VP Alexander shared free tuition is not closing the gap the way it is currently constructed. They are finding that free tuition for six credits or more is not helping students matriculate. They are still in discussion on this at EVC.

VC Escobar highlighted the campus initiatives in place to boost enrollment.

Dean Stevenson pointed out free tuition is the draw to get students to complete the federal financial aid application, which links them to all services. Enrollment is at pre-pandemic levels, which is driven by a variety of services.

Judith Bell asked for more information from VP Alexander on the demographics EVC is targeting, the numbers and approaches. VP Alexander responded they are looking at their equity report and seeing a low rate of persistence and graduating. There are multiple barriers, such as textbooks. Students do not know about the free programs. EVC is looking at what formula will help them persist and matriculate (the end goal), as opposed to just giving free tuition.

M/S/C (Stevenson/Hawken) The District Budget Committee recommends to District Council to continue free tuition with the existing parameters for the 2023-24 academic year.

Yes: 14

No: 1

Motion passes

5.) 2:00-2:10

FY 2021-22 Final Audit Reports

ED Chesmore expressed congratulations for no audit findings for the third year in a row.

Joseph
Chesmore

INFORMATION

He highlighted the concern of the auditors regarding the 50% Law. VP Hawken pointed out that legislation might change regarding the 50% Law for community-funded districts. VP Alexander pointed out technology is not included in the 50% Law.

ED Chesmore asked campuses to ensure expenses are coded correctly and instructional/non-instructional object codes are used. VP Alexander emphasized assignments change and it is not always straightforward. ED Chesmore clarified 80% of journal entries are a reclassification of payroll. VP Alexander mentioned this is a system glitch, and ED Chesmore agreed.

Steven Mentor shared he feels this is going in the wrong direction and asked if the hiring numbers could be predicted

for 2023. ED Chesmore suggested that predictions could be made.

From Mr. Mentor in the chat: Behind my question is we made decisions about new hires this year, and I wonder if the 50% law was taken into account when making those decisions. Ideally, if we were close to the line, then we would factor that into the number of new hires.

VC Escobar will offer materials* for awareness on this topic. He pointed out that past legislation conflicts with modern times. Other expenses are growing at a faster pace. It is important to understand legislation, manual processes, and how to code. We will continue to monitor compliance with the 50% law, the GANN limit, etc.

VP Hawken recommended VC Escobar and ED Chesmore share at campus managers' meetings. VC Escobar is happy to attend any campus meetings.

(*See attached materials on 50% Law.)

| | | | |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------|
| 6.) 2:10-2:15 | SJECCD Governance Handbook update/ Administrative Services Survey results | Amber Machamer | INFORMATION |
| | Amber Machamer shared an update on the SJECCD Governance Handbook. It is currently in the editing process, and she plans to finalize and send it out by the end of February. Email her with any edits or updates. | | |
| 7.) 2:15-2:20 | Calendar Year 2023: payroll, closing Q2, tax season, next data point, Budget Study and Tentative budget timeline, link to the latest categorical compendium: 2022-23 California Community Colleges Compendium of Allocations and Resources | Joseph Chesmore | INFORMATION |
| | ED Chesmore reviewed the 2022-23 Year End Calendar . (Each campus would refer to their own internal deadlines.) | | |
| | Director Kathy Tran pointed out the District Office has to complete their side booking receivables so campuses can complete their process. | | |
| | (Each campus would refer to their own internal deadlines.) | | |
| 8.) 2:20-2:30 | Carryover and fund balances summary: key program balances, strong workforce, facility rentals, lottery; college's HEERF and COVID relief spend plans | Joseph Chesmore | INFORMATION |
| | ED Chesmore reviewed the carryover fund balances and HEERF balances. He pointed out the importance of spending the lottery funds. HEERF funds need to be spent by June 30. | | |
| | VP Alexander asked for clarification on the point of this discussion. | | |

Dean Stevenson asked for clarity on allowable expenses. ED Chesmore responded every grant has their list of allowable expenses. HEERF funds are for anything affected by the pandemic.

VP Hawken shared SJCC has plans for all HEERF funds to be spent or encumbered by the end of this month.

VP Alexander noted they are giving the campus until April to complete requisitions. She asked what the District Office plans to spend their portion on.

ED Chesmore responded the District Office would spend these funds by the end of the week. He will share the summary of this list at the next District Budget Committee meeting, compiled with the campuses' lists. VP Alexander shared their lists are posted on their websites.

Dean Stevenson suggested giving notice ahead of time for presentation requests. VC Escobar pointed out the resources that have been made available, including the Compendium.

Andrea Lopez expressed concern at attempting to quickly review these numbers. She asked for a report prior to the meeting for time to review and prepare questions.

VP Alexander offered they are available to present at the constituency group meetings. She does not think it is a good exercise to discuss other department's budgets. There are people putting their names on the line for these budgets (over 500 accounts). ED Chesmore confirmed the understanding there are plans behind budgets. VP Alexander expressed concern these items are being discussed to divert attention away from some of the issues the committee was talking about over the last two to three months, including the topic of the Foundation.

VC Escobar emphasized we need to get organized and decide what the priority of this group is to highlight relevant items. This committee is charged to review, propose, and suggest.

VC Escobar emphasized that no one is hiding the Foundation. That is being discussed at an executive level. The Foundation reports to the Chancellor who would be the right person to answer Foundation budget questions.

9.) 2:30-2:55

FY 2022-23 Q2 Budget Report

ED Chesmore reviewed Fund 10 (page 5). The numbers are comparable to Q2 of last year. Revenue and expenses went up slightly.

PERS is at 25.37% and STRS is at .10% (page 79).

Joseph
Chesmore

INFORMATION

ED Chesmore pointed out the Power BI report on page 7, which matches the summary (page 5). This report will be shared with the Board of Trustees at the next meeting on February 14.

There is a Power BI training coming up now that the campuses have access.

- | | | | |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------|
| 10.) | <p>Facility Rental Fees VP Hawken shared this discussion was started about a year ago. They would like to take a proposal to the Board to update SJCC's facility rental rates to recover costs.</p> <p>Ms. Ramirez took a survey of colleges in the area when they began this process. These fees have not been updated in several years.</p> <p>VC Escobar shared that before this is taken to the Board for discussion, the rates presented should cover the true District expenses. There are many resources to consider, including overtime, utilities, grounds, custodial, etc. The first step is to true up the numbers.</p> <p>VP Alexander recommended the District Budget Committee review the final proposal prior to it going to the Board.</p> <p>M/S/C (Stevenson/Hawken) The District Budget Committee reviews and approves the EVC and SJCC facility rental rates proposal and recommends to the District Council for Board approval.</p> | VP Hawken | DISCUSSION |
| 11.) 2:55-2:59 | <p>Future Agenda Items</p> <p>a) Foundation, Fund 83: Mr. Gonzalez made The District Budget Committee approved a motion that no money is allocated to the new Foundation account, Fund 83 approved at the Board of Trustees meeting on 11/15/22, until there is clarification on the role of the Foundation and funding.</p> <p>b) Foundation presentation is scheduled for March 2.</p> <p>There is a lot activity taking place and the Chancellor is currently conducting research. He will be invited to the next meeting.</p> | All | INFORMATION |
| 12.) 3:00PM | <p>Adjournment The meeting adjourned at 3:11pm.</p> | Jorge Escobar | ACTION |

DISTRICT BUDGET COMMITTEE MEMBERS

ADMINISTRATORS

CHAIR
Jorge Escobar

BUSINESS OFFICERS (4)
Andrea Alexander, EVC

FACULTY

ACADEMIC SENATE – EVC (2)
Lisa Hays
Garry Johnson

ACADEMIC SENATE – SJCC (2)

CLASSIFIED

CSEA 363 (4)
Andrea Lopez
Dan Hawkins
Vacant
Vacant

Christopher Hawken, SJCC
Joseph Chesmore, DO
Vacant, DO

MSC (2)

J. Edward Stevenson, SJCC
Victoria Menzies, SJCC

STUDENTS (2)

Ayan Dalmar, EVC
Leif Benson, SJCC

Fabio Gonzalez
Judith Bell

ACADEMIC SENATE – DISTRICT (1)

Emily (Phuong) Banh

AFT 6157 (2)

Steven Mentor
Philip Hu

Guests:

Jennifer Le Diep
Kathy Tran
Hong Yang
Tu Nguyen
Mark Hua
Amber Machamer
Priscilla L
Corrine Gonzales

CLASSIFIED SENATE - SJCC (2)

Yesenia Ramirez
Angela Gullerud

CLASSIFIED SENATE – EVC (2)

Sarai Minjares
Abeer Abdel Halim

Recorder: Shana Carter

FINE TUNING YOUR 50% LAW EQUATION

1. Make sure your unrestricted lottery dollars are used for non-instructional expenses (energy, insurance, etc.)
2. Charge appropriate salaries to parking/transportation. If you have parking make sure you are charging security, custodial, maintenance, etc. to this area
3. Charge custodial to appropriate funds (bookstore, food service, child development) based on their workload
4. For managers who oversee auxiliary services, be sure to allocate the appropriate proportion of their salary and benefits to these funds
5. Charge custodial and grounds to intercollegiate athletics (activity code 6960) based on their workload
6. Utilize activity code 6800 (please review the BAM carefully) for community service. A portion of the VPs and/or President may be charged to this activity code. This is for the time the leadership team spends working in the community developing relationships.
7. Purchase/finance solar. Debt service payments are outside the 50% Law while monthly energy costs are part of the equation.
8. Invest funds in energy efficiency projects. Use “one-time” money to reduce “ongoing” expenditures.
9. Be sure to charge library databases to object code 6300 “Library Books” as non-print media
10. If you have a capital improvement project that is being funded with general fund dollars and it includes supplies, services, and/or personnel, move the funds and the costs to the capital fund for tracking. Remember, projects must be at least \$5,000.
11. Be sure to code ALL instruction to instructional salaries. This includes administrators and non-instructional faculty, like counselors and librarians who teach. If a course is taught by an administrator or non-instructional faculty, reclass the salary and proportional benefit expense to an instructional object code. Don’t forget that portion of their medical benefits if taught during the course of the day as part of their normal load.
12. Reduce the amount of reassign time given to full-time faculty. Consider a less expensive option like a stipend, to get faculty to do other work.
13. Be sure to code as instructional those “intermittent duties...in connection with committee work...whose purpose is the evaluation or improvement of the educational program.” For example, curriculum development.
14. If a grant has the flexibility, trade grant-paid instructional costs for district-paid non-instructional costs in order to move these costs to the restricted fund and take advantage of the instructional costs.
15. Review all purchase orders during the year to ensure equipment is not coded to an open P.O. for supplies
16. Remember, “refunds” cancel or abate an expenditure, they should not be considered a revenue to the general fund
17. Try to use a higher indirect cost rate for grants. The more indirect cost reimbursements a district can obtain through grants, the more non-instructional expenses it can remove from the equation
18. When recording the liability for “compensated absences”, be sure to code the appropriate portion to instructional salaries and benefits

19. Software purchases with an initial useful life in excess of one year may be classified as equipment object code 6400. Also, perpetual license agreement costs should be coded to object code 6400
20. Be sure to account for ALL Instructional Service Agreements (ISAs) as instructional costs even though coded under the 5000 object code
21. Take advantage of any and all exclusions: excess health center costs above fee revenue, excess transportation costs above fee revenue, rents and leases, etc.
22. If possible, negotiate utilities and/or custodial be included in a lease agreement as rent and not paid as a separate cost
23. Most, if not all, equipment purchases should be considered NEW and not “replacement” since even if the equipment replaces another, something will be different about it. “Equipment that differs in capacity, function, or quality shall be considered new equipment.”
24. Be sure to use object 7600 when purchasing items for students like bus tickets, child care vouchers, bookstore vouchers, car expenses, etc.
25. Review instructional aide job specs and ensure proper coding. (Be careful, this works both ways.) Remember, employees providing students with assistance and training in computer labs can be classified as instructional aides (object code 2400) if under the supervision of an instructor
26. Charge a portion of student accident insurance to athletics
27. If you charge an allowance for doubtful accounts, part of this expense should be coded to the other funds for which the revenue was not received, i.e the transportation fund, the associated students fund, the child development center fund, etc.
28. Giving raises to full-time faculty just to make the 50% law is not advised, nor fiscally sound. However, supporting the use of other funds to be moved on a one-time basis to the part-time faculty account to provide needed class sections, even though not funded by the state, might be supportable if the funds are available.

FINE TUNING YOUR 50% LAW EQUATION

| Item | Proposed Strategy | Current SJECCD practice | Opportunity | Not applicable |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------|----------------|
| 1. | Make sure your unrestricted lottery dollars are used for non-instructional expenses (energy, insurance, etc.). | X | | |
| 2. | Charge appropriate salaries to parking/transportation. If you have parking make sure you are charging security, custodial, maintenance, etc. to this area. | | | X |
| 3. | Charge custodial to appropriate funds (bookstore, food service, child development) based on their workload. | X | | |
| 4. | For managers who oversee auxiliary services, be sure to allocate the appropriate proportion of their salary and benefits to these funds. | | X | |
| 5. | Charge custodial and grounds to intercollegiate athletics (activity code 6960) based on their workload. | | X | |
| 6. | Utilize activity code 6800 (please review the BAM carefully) for community service. A portion of the VPs and/or President may be charged to this activity code. This is for the time the leadership team spends working in the community developing relationships. | | X | |
| 7. | Purchase/finance solar. Debt service payments are outside the 50% Law while monthly energy costs are part of the equation. | | X | |
| 8. | Invest funds in energy efficiency projects. Use "one-time" money to reduce "ongoing" expenditures. | | X | |
| 9. | Be sure to charge library databases to object code 6300 "Library Books" as non-print media. | | X | |
| 10. | If you have a capital improvement project that is being funded with general fund dollars and it includes supplies, services, and/or personnel, move the funds and the costs to the capital fund for tracking. Remember, projects must be at least \$5,000. | X | | |
| 11. | Be sure to code ALL instruction to instructional salaries. This includes administrators and non-instructional faculty, like counselors and librarians who teach. If a course is taught by an administrator or non-instructional faculty, reclass the salary and proportional benefit expense to an instructional object code. Don't forget that portion of their medical benefits if taught during the course of the day as part of their normal load. | X | | |
| 12. | Reduce the amount of reassign time given to full-time faculty. Consider a less expensive option like a stipend, to get faculty to do other work. | | X | |
| 13. | Be sure to code as instructional those "intermittent duties...in connection with committee work...whose purpose is the evaluation or improvement of the educational program." For example, curriculum development. | | X | |
| 14. | If a grant has the flexibility, trade grant-paid instructional costs for district-paid non-instructional costs in order to move these costs to the restricted fund and take advantage of the instructional costs. | | X | |
| 15. | Review all purchase orders during the year to ensure equipment is not coded to an open P.O. for supplies. | X | | |
| 16. | Remember, "refunds" cancel or abate an expenditure, they should not be considered a revenue to the general fund. | X | | |

FINE TUNING YOUR 50% LAW EQUATION

| Item | Proposed Strategy | Current SJECCD practice | Opportunity | Not applicable |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------|----------------|
| 17. | Try to use a higher indirect cost rate for grants. The more indirect cost reimbursements a district can obtain through grants, the more non-instructional expenses it can remove from the equation. | | X | |
| 18. | When recording the liability for “compensated absences”, be sure to code the appropriate portion to instructional salaries and benefits. | X | | |
| 19. | Software purchases with an initial useful life in excess of one year may be classified as equipment object code 6400. Also, perpetual license agreement costs should be coded to object code 6400. | X | | |
| 20. | Be sure to account for ALL Instructional Service Agreements (ISAs) as instructional costs even though coded under the 5000 object code. | | X | |
| 21. | Take advantage of any and all exclusions: excess health center costs above fee revenue, excess transportation costs above fee revenue, rents and leases, etc. | | X | |
| 22. | If possible, negotiate utilities and/or custodial be included in a lease agreement as rent and not paid as a separate cost. | | X | |
| 23. | Most, if not all, equipment purchases should be considered NEW and not “replacement” since even if the equipment replaces another, something will be different about it. “Equipment that differs in capacity, function, or quality shall be considered new equipment.” | X | | |
| 24. | Be sure to use object 7600 when purchasing items for students like bus tickets, child care vouchers, bookstore vouchers, car expenses, etc. | X | | |
| 25. | Review instructional aide job specs and ensure proper coding. (Be careful, this works both ways.) Remember, employees providing students with assistance and training in computer labs can be classified as instructional aides (object code 2400) if under the supervision of an instructor. | X | | |
| 26. | Charge a portion of student accident insurance to athletics. | X | | |
| 27. | If you charge an allowance for doubtful accounts, part of this expense should be coded to the other funds for which the revenue was not received, i.e. the transportation fund, the associated students fund, the child development center fund, etc. | | X | |
| 28. | Giving raises to full-time faculty just to make the 50% law is not advised, nor fiscally sound. However, supporting the use of other funds to be moved on a one-time basis to the part-time faculty account to provide needed class sections, even though not funded by the state, might be supportable if the funds are available. | | | X |
| | | | | |
| | *Most commonly employed strategies per discussion with our independent auditors | | | |



BUSINESS SERVICES DEPARTMENT

December 1, 2009

The Fifty Percent Law Requirement

Source: CCLC - "Fifty-Percent Law - Background Paper"

Rita M. Mize, Ph.D. – Director State Policy Research - December 2002

Definition: Education Code 84362 requires “there shall be expended each fiscal year for payment of salaries of classroom instructors by a community college district, 50 percent of the district’s current expense of education.”

History of 50% Law

- Education Code 17200 **established in 1959** was the effective code section which applied to “junior colleges” as well as high schools and elementary schools. The legislative intent was:
 - That districts should accurately account for their expenditures on employees who are part-time teachers and part-time administrators;
 - That districts were required to employ an accounting system “designed to provide a separate and clear distinction between expenditures for salaries of classroom teachers employed by the district and expenditures for other purposes of the district”;
 - To define “salaries of classroom teachers” to mean the entire salary of a teacher, all of whose time was “devoted to the teaching of pupils in the district.”
- In 1959, Education Code 17503, formerly 17200, governed the issue of funding for salaries of classroom instructors and was enacted to address an imbalance that had developed between spending on administrative and instructional duties.
- In 1961 AB1789, which included former Education Code 17530, was established with the objective of reducing class size so that the classroom teacher could provide the most effective guidance and eliminate the need for “attendant administrative and counseling services.”
- In 1961, Education Code section 17503 became section 84362 and was enacted to apply to the salaries of teachers in both K-12 school districts and junior colleges.
- SB 1164 clearly required segregation only for those teachers whose duties are not full-time teaching but also include certain administrative tasks.

The Fifty Percent Law Requirement (Continued)

Source: CCLC - "Fifty-Percent Law - Background Paper"

Rita M. Mize, Ph.D. – Director State Policy Research-December 2002

December 1, 2009

Due to differences between the regulations that govern K-12 and Community College operations, compliance with the 50% Law contradicts other requirements and laws established specifically for community colleges.

- **Definition of Classroom Instructor: Community College vs. K-12**
 - The definition of classroom instructor contained in **Education Code 84362** makes little sense in the context of community college instruction since “a significant portion of their work is accomplished outside the classroom on other activities” whereas K-12 teachers are in the classroom virtually all day, five days per week.

- **AB1725:**
 - This law was enacted by the Legislature with the specific intent to authorize “more responsibility for faculty members in duties that are incidental to their primary professional duties “ and expand the definition of the appropriate role of community college faculty well beyond the classroom. As a result, community college instructors spend a portion of their time outside the classroom on activities such as:
 - Office Hours
 - Curriculum Development
 - Participatory Governance/Leadership Activities
 - COCFA President, CTA Conference Chair, Academic Senate, Tenure Coordinator, Department Chairs, Curriculum Coordinator, Basic Skills Coordinator, etc.

- **“Wrong” Side Expenditures That Support Instruction**
 - Fifty years after the 50% Law originated in 1959, many current community college expenditures support instruction that were not a consideration at that time and are therefore considered on the “wrong” side of the calculation:
 - Computer Technicians
 - Distance Education Support
 - On-line Course Design
 - Matriculation
 - Other expenditures that would logically be considered instructional are “wrong”:
 - Librarians
 - Counselors
 - Instructional Deans
 - Department Chair Reassign Time
 - Faculty Directors: EOPS, CWEE, NSF, Transfer Center, Athletic Director

- Stipends for Leadership Responsibilities: COCFA President, CTA Conference Chair, Academic Senate, Tenure Coordinator, Curriculum Coordinator

Santa Clarita Community College District

COLLEGE OF THE CANYONS

The Fifty Percent Law Requirement (Continued)

Source: CCLC - “Fifty-Percent Law - Background Paper”

Rita M. Mize, Ph.D. – Director State Policy Research-December 2002

December 1, 2009

- **Minimum Conditions to Receive Apportionment Funding -Title V of the California Code of Regulations and the California Education Code:**
 - The requirement that certain minimum conditions be met to operate a community college are mostly for supportive services that fall on the “wrong” side of the 50% Law and requires the adoption of regulations and establishment of procedures for:
 - Educational and Facilities Master Plan
 - Affirmative Action Employment Programs
 - District Staff and Diversity Plan
 - Approval of New Educational Center
 - Meeting Accreditation Requirements
 - Creating an Organized Counseling Program
 - Establishing of Programs of Education that Meet Approval of Chancellor
 - Academic Freedom
 - Vocational or Occupational Training Programs Review
 - Matriculation Plan
 - Shared Governance Participation – Faculty, Staff and Students
 - Student Equity Plan
 - Transfer as a Primary Mission
 - Monitoring Student Progress
 - Providing a Resource Library
 - Providing Space, Facilities, Clerical Support and an Advisory Committee for Transfer Center as well as an Internal Evaluation and Annual Report to the Chancellor’s Office
- **EERA (Educational Employment Relations Act):**
 - Through the EERA, the Legislature removed from districts the authority to determine unilaterally how much salary classroom instructors would receive, how large or small classes would be, and the role of instructors outside the classroom.
 - As a result of the EERA, the amount of salary classroom instructors receive was made subject to the negotiation process.

- However, requiring districts to negotiate with their faculty on matters affecting wages, hours and terms and conditions of employment would be contrary to the EERA (Equal Employment Responsibility Act).
- “In light of the clearly-stated intent of the Legislature with respect of the enactment of former 17503 (to limit class size) it cannot be argued successfully that the purpose of the “50% Law” was to establish a minimum compensation base from which salary negotiations would begin.”

Santa Clarita Community College District
COLLEGE OF THE CANYONS

RECOMMENDATION

Santa Clarita Community College District

Why the Fifty Percent Law Requirement Should Be Modified to Include Other “Instructional” Expenses

-
- 1) **The Original Intent of the Fifty Percent Law was K-12 Class Size Reduction that Would Subsequently Lead to an Increase in Full-Time Faculty, Not to an Increase in Full-Time Faculty Salaries**
 - By capping the number of students and hiring more Full-Time Faculty, Full-Time Faculty (not administrators) could more appropriately provide guidance and counseling service to students.

 - 2) **Since the Original Fifty Percent Law Language Originated in 1959, Changes in Regulations and Technology Increased “Non-Instructional” Expenses That Have Fallen to the “Wrong” Side of the Fifty Percent Law Calculation, including but not limited to:**
 - On-line instruction technology support
 - Computer Labs: equipment and staff support
 - Instructional Computers (equipment)
 - Required Student Services

 - 3) **The Fifty Percent Law Contradicts Other Laws and Regulations That Govern Community Colleges And Require Expenditures on the “Wrong” Side**
 - AB1725 – Collegial Consultation/Shared Governance
 - Title V – Minimum Conditions to Receive Apportionment Funding
 - EERA – Education Employment Relations Act (Negotiations)

 - 4) **The Penalty for Non-Compliance with the Fifty Percent Law Jeopardizes Student Access and Success**
 - Each 1% shortfall to the Fifty Percent Law for SCCCD is approximately \$1 million

- Restoring this amount in the subsequent fiscal year in addition to adding this amount in instructional salaries/benefits creates a compounding deficit that will require a disproportionate adjustment to “non-instructional” expenses
- Reduced services to students that support instructional services will also hinder the instructional process, i.e. counseling, librarians, student services, computer support, custodial and maintenance, student aid, etc.

5) Examples of “Wrong” Side Expenditures That Support Instruction

- Fifty years after the 50% Law originated in 1959, many current community college expenditures support instruction that were not a consideration at that time and are therefore considered on the “wrong” side of the calculation:
 - Librarians
 - Counselors
 - Computer Technicians
 - Distance Education Support
 - On-line Course Design

Santa Clarita Community College District

COLLEGE OF THE CANYONS

RECOMMENDATION

Santa Clarita Community College District

Why the Fifty Percent Law Requirement Should Be Modified to Include Other “Instructional” Expenses

The 50% Law Formula should be re-evaluated to include additional “instructional” expenditures:

- to more appropriately reflect the cost of instruction;
- to reflect new “instructional” expenditures that did not exist 50 years ago;
- to acknowledge the balance that must exist between instruction and instructional support.

Example 1 - SCCCD: Add Counselors, Librarians and Reassign Time to “Right Side”

| | |
|-----------------------------------------|----------------------|
| Instructional Salaries/Benefits | \$ 33,700,000 |
| Add Additional “Instructional” Expenses | |
| Faculty Counselors (FT and PT) | \$ 1,083,863 |
| Dept Chair Reassign Time | \$ 1,076,311 |
| Librarians (FT and PT) | \$ 377,756 |
| Fringe Benefits | \$ 507,586 |
| Sub-Total | \$ 3,045,516 |
| Revised Instructional Expenses | \$ 36,745,516 |
| | |
| Total Expenses | \$ 69,200,000 |

Percentage of Total

53.10%

Example 2 – SCCCD: Add to Above – Computer Techs and Distance Education Support

| | | |
|---------------------------------------------|----|----------------------|
| Revised Instructional Expenses | | \$ 36,745,516 |
| Add: Computer Technicians | \$ | 991,139 |
| Distance Educ Support/On-Line Course Design | \$ | 112,845 |
| Additional Fringe | \$ | <u>220,797</u> |
| Revised Instructional Expenses | | \$ 38,070,297 |
| Total Expenses | | \$ 69,200,000 |
| Percentage of Total | | 55.01% |

**Santa Clarita Community College District
COLLEGE OF THE CANYONS**

Everything you Want and Need to Know About the 50% Law and FON

ACBO Spring Conference

May 17, 2021

Presented by:

Wrenna Finche – CCC Chancellor's Office

Fred Williams – North Orange County CCD

Ann-Marie Gabel – South Orange County CCD

2

50% Law

Student Learning Outcomes for 50% Law

- Definition – Why we care...
- Where to Find rules...
- Current Expense of Education
 - Inclusions
 - Exclusions
- Tips to consider
- What if I Don't Meet it?

50% Law

Why do we care?

➤ **Compliance**

Contract District Audit Manual (CDAM) Section 421 requires the external auditors to audit the 50% Law calculation. Steps include:

- *Determining whether local match for categorical programs (i.e. DSPS, EOPS, College Work Study, VTEA, and WIA) are included in the current expense of education.*

➤ **Loss in Revenue**

Failure to comply results in reduction in apportionment the third year after non-compliance

50% Law

Where to Find rules...

- Education Code (EC) Sections
 - 84362 and 84363
- California Code of Regulations Sections
 - 59204 - 59214
- Contracted District Audit Manual (CDAM)

50% Law

What it Means

EC 84362(d) states:

*“There shall be expended during each fiscal year for payment of salaries of classroom instructors by a community college district, **50 percent of the district’s current expense of education.**”*

50% Law

Current Expense of Education (Inclusions)

EC 84362(c) defines Current Expense of Education (CEE) as:

- *The gross total expended...for the purposes classified in the final budget...*
 - *Academic salaries*
 - *Classified salaries*
 - *Employee benefits*
 - *Books, supplies and equipment replacement*
 - *Contracted services and other operating expenses*

50% Law

Current Expense of Education (Exclusions)

EC 84362(c) excludes from CEE:

- *Salaries, benefits, books, supplies, equipment replacement, contracted services, and other operating expenses for **Student Transportation, Food Services** and **Community Services***
- *Sites, Buildings, Books and Media, and New Equipment (object of expenditure 6000 in BAM)*
- *Amount expended from categorical aid received from the federal or state government*
- *Expenditures for facility acquisition and construction*

50% Law

Current Expense of Education (Exclusions)

EC 84362(c) excludes from CEE:

- *Lease agreements for plant and equipment*
- *Amount expended from funds received from the federal government pursuant to the “Economic Opportunity Act of 1964”*
- *Amount expended from state or federal funds received for grants to community college students or for the employment of community college students*
 - *For example: Federal Work Study*

50% Law Current Expense of Education (Exclusions)

EC 84363 states:

*“...**any expenditures incurred**...during a state or local declared emergency **related to the COVID-19 pandemic** that **are not otherwise normal** expenditures that would have been incurred by that district.”*

This EC becomes inoperative on July 1, 2021 – hence, only good through 2020-21

50% Law

Current Expense of Education (further defined)

Title 5, Section 59204 defines CEE as:

- ...Object of Expenditures **1000 through 5000** for activity codes **0100 through 6700** as defined in the BAM less expenditures for activity code 64xx (Student Transportation) and less expenditures of:
 - Categorical aid received from the federal and state government requiring expenditure in a program not incurring any instructor salary expenditures
 - Categorical aid received from the federal and state government requiring disbursement of funds without regard to the requirement of Section 84362
 - Other monies received which are restricted by an external party, law or other legal requirement

50% Law

What it looks like...

| CALIFORNIA COMMUNITY COLLEGES | | Analysis of compliance with the 50 Percent Law (ECS 84362) | | | |
|-----------------------------------------------|-------------|------------------------------------------------------------|-----------------|------------------|--------------------|
| Annual Financial and Budget Report | | The Current Expense of Education | | | |
| SUPPLEMENTAL DATA | | S11 GENERAL FUND - UNRESTRICTED SUBFUND | | | |
| For Actual Year: 2019-2020 | | Budget Year: 2020-2021 | | District ID: 890 | Name: SOUTH ORANGE |
| | Object Code | Activity (ECSA) | Activity (ECSB) | Activity (ECSX) | |
| | | ECS 84362 A | ECS 84362 B | Excluded | |
| | | Instructional Salary Cost | Total CEE | Activities | |
| | | AC 0100-5900 & AC 6110 | AC 0100 - 6799 | AC 6800 - 7390 | Total |
| Academic Salaries | | | | | |
| Instructional Salaries | | | | | |
| Contract or Regular | 1100 | 37,070,900 | 37,070,900 | 1,155,901 | 38,226,801 |
| Other | 1300 | 29,963,181 | 29,963,181 | 58,159 | 30,021,340 |
| Total Instructional Salaries | | 67,034,081 | 67,034,081 | 1,214,060 | 68,248,141 |
| Non-Instructional Salaries | | | | | |
| Contract or Regular | 1200 | | 11,503,711 | | 11,503,711 |
| Other | 1400 | | 3,671,979 | | 3,671,979 |
| Total Non-Instructional Salaries | | 0 | 15,175,690 | 0 | 15,175,690 |
| Total Academic Salaries | | 67,034,081 | 82,209,771 | 1,214,060 | 83,423,831 |
| Classified Salaries | | | | | |
| Non-Instructional Salaries | | | | | |
| Regular Status | 2100 | | 34,242,611 | 4,655,847 | 38,898,458 |
| Other | 2300 | | 1,269,729 | 201,872 | 1,471,601 |
| Total Non-Instructional Salaries | | 0 | 35,512,340 | 4,857,719 | 40,370,059 |
| Instructional Aides | | | | | |
| Regular Status | 2200 | 3,959,456 | 3,959,456 | | 3,959,456 |
| Other | 2400 | 921,441 | 921,441 | 512 | 921,953 |
| Total Instructional Aides | | 4,880,897 | 4,880,897 | 512 | 4,881,409 |
| Total Classified Salaries | | 4,880,897 | 40,393,237 | 4,858,231 | 45,251,468 |
| Employee Benefits | 3000 | 31,780,675 | 61,784,897 | 3,261,595 | 65,046,492 |
| Supplies and Materials | 4000 | | 1,321,962 | 173,473 | 1,495,435 |
| Other Operating Expenses | 5000 | 777,481 | 14,566,285 | 692,448 | 15,258,733 |
| Equipment Replacement | 6420 | | | | 0 |
| Total Expenditures Prior to Exclusions | | 104,473,134 | 200,276,152 | 10,199,807 | 210,475,959 |

Total equals UGF actual 1000-5000 expenditures

50% Law

What it looks like...

CALIFORNIA COMMUNITY COLLEGES
Analysis of compliance with the 50 Percent Law (ECS 84362)
Annual Financial and Budget Report
The Current Expense of Education
SUPPLEMENTAL DATA
S11 GENERAL FUND - UNRESTRICTED SUBFUND

For Actual Year: 2019-2020

Budget Year: 2020-2021

District ID: 890

Name: SOUTH ORANGE

| Exclusions | | Activity (ECSA) | Activity (ECSB) | Activity (ECSX) | Total |
|---------------------------------------------------------------------|--------------------|---------------------------|-----------------|-----------------|-----------|
| | | ECS 84362 A | ECS 84362 B | Excluded | |
| | | Instructional Salary Cost | Total CEE | Activities | |
| | | AC 0100-5900 & AC 6110 | AC 0100 - 6799 | AC 6800 - 7390 | |
| Activities to Exclude | TOP Code | | | | |
| Instructional Staff-Retirees' Benefits and Retirement Incentives | 5900 | 463,942 | 463,942 | | 463,942 |
| Student Health Services Above Amount Collected | 6441 | | 45,042 | | 45,042 |
| Student Transportation | 6491 | | 523,254 | | 523,254 |
| Noninstructional Staff-Retirees' Benefits and Retirement Incentives | 6740 | | 1,392,089 | | 1,392,089 |
| Objects to Exclude | Object Code | | | | |
| Rents and Leases | 5060 | | 243,792 | | 243,792 |
| Lottery Expenditures | | | | | |
| Academic Salaries | 1000 | | | | 0 |
| Classified Salaries | 2000 | | 199,209 | | 199,209 |
| Employee Benefits | 3000 | | 75,544 | | 75,544 |
| Supplies and Materials | 4000 | | | | |
| Software | 4100 | | | | 0 |
| Books, Magazines, & Periodicals | 4200 | | | | 0 |
| Instructional Supplies & Materials | 4300 | | 474 | | 474 |
| Noninstructional, Supplies & Materials | 4400 | | | | 0 |
| Total Supplies and Materials | | 0 | 474 | 0 | 474 |
| Other Operating Expenses and Services | 5000 | | 4,066,650 | | 4,066,650 |

50% Law

What it looks like...

CALIFORNIA COMMUNITY COLLEGES

Analysis of compliance with the 50 Percent Law (ECS 84362)

Annual Financial and Budget Report

The Current Expense of Education

SUPPLEMENTAL DATA

S11 GENERAL FUND - UNRESTRICTED SUBFUND

For Actual Year: 2019-2020

Budget Year: 2020-2021

District ID: 890

Name: SOUTH ORANGE

| | Object Code | Activity (ECSA) | Activity (ECSB) | Activity (ECSX) | Total |
|-----------------------------------------------------------------------------|-------------|---------------------------|-----------------|-----------------|-------------|
| | | ECS 84362 A | ECS 84362 B | Excluded | |
| | | Instructional Salary Cost | Total CEE | Activities | |
| | | AC 0100-5900 & AC 6110 | AC 0100 - 6799 | AC 6800 - 7390 | |
| Capital Outlay | 6000 | | | | |
| Library Books | 6300 | | | | 0 |
| Equipment | 6400 | | | | |
| Equipment - Additional | 6410 | | | | 0 |
| Equipment - Replacement | 6420 | | | | 0 |
| Total Equipment | | 0 | 0 | 0 | 0 |
| Total Capital Outlay | | 0 | 0 | 0 | 0 |
| Other Outgo | 7000 | | | | 0 |
| Total Exclusions | | 463,942 | 7,009,996 | 0 | 7,009,996 |
| Total for ECS 84362, 50% Law | | 104,009,192 | 193,266,156 | 10,199,807 | 203,465,963 |
| Percent of CEE (Instructional Salary Cost / Total CEE) | | 53.82% | 100.00% | | |
| 50% of Current Expense of Education | | | 96,633,078 | | |
| Nonexempted (Remaining) Deficiency from second preceding Fiscal Year | | | | | |
| Amount Required to be Expended for Salaries of Classroom Instructors | | 104,009,192 | 193,266,156 | 10,199,807 | 203,465,963 |
| Reconciliation to Unrestricted General Fund Expenditures | | | | | |
| Total Expenditures Prior to Exclusions | | 104,473,134 | 200,276,152 | 10,199,807 | 210,475,959 |
| Capital Expenditures | 6000 | 146,671 | 1,588,775 | 43,898 | 1,632,673 |
| Equipment Replacement (Back out) | 6420 | | 0 | 0 | 30 |
| Total Unrestricted General Fund Expenditures | | 104,619,805 | 201,864,927 | 10,243,705 | 212,108,632 |

50% Law

Tips to Consider

- Charge **Unrestricted Lottery** funds to non-instructional expenses, such as:
 - Utilities
 - Insurance
- Charge **TRANS Interest** and **Costs** to Activity 7220
- Charge a portion of **Facilities management, IT management, VP**, etc. to Activity Code 7100

Disclaimer:
Read the BAM carefully
and comply with it

50% Law

Tips to Consider (continued)

- Report **Instructional Service Agreements (ISA)** as instructional costs
 - Make sure that your ISA contracts support the percentage charged as instructional
- Charge **Interpreters** to Object Code 22xx or 24xx and Activity Code 49xx
- Charge **Library database** access to Object Code 63xx
- Charge **Software** purchases and ongoing license agreements to Object Code 64xx if the useful life is in excess of one year

50% Law

Tips to Consider (continued)

- Charge appropriate **Parking personnel** salaries, benefits, and maintenance costs to Activity Code 6950 - Parking
- Charge appropriate percentage of personnel salaries, benefits, and supplies, etc. to Activity Code 6960 – **Student and Co-Curricular Activities** such as:
 - **Grounds/Maintenance staff** and supplies for athletic fields
 - College **Newspaper** staff or supplies
 - **Intercollegiate** and/or **Club** staff and activities
 - **Athletic Directors**, if appropriate

50% Law

Tips to Consider (continued)

- Charge the portion of time **Counselors** and **Librarians teach** a class to Object Code 11xx or 13xx
 - Make sure the benefits gets charged to instructional as well
- Charge appropriate percentage of time spent by **management and custodial personnel** and proportion of supplies to appropriate funds, such as:
 - **Bookstore** – Activity Code 6910
 - **Child Care Centers** – Activity Code 6920
 - **Food Service** – Activity Code 6940
 - **Self-Insurance Fund** – Activity Code 6770

50% Law

Tips to Consider (continued)

- Charge appropriate percentage of time spent by **President, VPs**, etc. to:
 - Activity Code 6840 – **Economic Development** for the time spent with the business community
 - Activity Code 7090 – **Other Auxiliary Operations** for the time spent with the foundations
- Make sure all **capital improvement projects** in excess of \$5,000 are charged to the Capital Projects Fund
- Review **reassigned time** carefully
 - Can it be done via stipends above contract for less cost?

50% Law

Tips to Consider (continued)

- Abate **refunds** to expenditures, don't consider them revenue
- Code **Bad Debt Expenses** to a contra-revenue account, not an expenditure
 - Remember to reflect gross revenues on Enrollment Fee Revenue Report (CCFS-324) report and not the net from the contra-revenue account
- Charge a portion of **student accident insurance** to Athletics – Activity Code 6960

50% Law

Tips to Consider (continued)

- Only charge items to **Equipment Replacement** when it meets the following guideline:
 - Expenditures for the **identical replacement** of equipment (necessitated by normal use) on a piece-for-piece basis to perform the same function(s).
 - If it differs in capacity, function, or quality, it should be charged to New Equipment
- Make sure **instructional aide job specifications** indicate that they are under the direct supervision of the classroom instructor

50% Law

Tips to Consider (continued)

- If you **rent out facilities**, make sure that the custodial and/or utilities are separated out so you can abate those expenditures
- Charge the appropriate percentage of **Compensated Absences** and **Retiree Benefits** liability to the instructional salaries and benefits
- Charge **purchases for students** to Object Code 76xx and Activity Code 7320 for items such as:
 - Bus Passes
 - Bookstore and/or Child Care Vouchers
 - Hot Spots

50% Law

Tips to Consider (continued)

- **Indirect Costs** – debit the expense in the Restricted General Fund and credit the expense in the Unrestricted General Fund
- Charge the appropriate portion of your **audit fees** to your various funds and/or grants
- If you have a Bursar Fund for fee collections, charge the **bank card fees** to this fund

Disclaimer:

Read the BAM carefully
and comply with it

50% Law

What if I don't meet it?

Don't do it

- **File an exemption** – Title 5, Sections 59206-59214 spell out the process
 - 2 Step Application Process:
 - First Step = Exemption application (CCFS-350a) due **September 15**
 - Second Step = Findings of the Local Governing Board Regarding the 50% Law (CCFS-350b) due **December 1**

50% Law

What if I don't meet it?

- **File an exemption** – Title 5, Sections 59206-59214 spell out the process
 - Process leading up to 2nd filing due December 1:
 - 30 days prior to public hearing – share application with faculty exclusive representative union and Academic Senate
 - They have 2 weeks to file an objection with Chancellor's Office and request a hearing
 - Hold a public hearing to determine basis for application
 - Serious Hardship
 - Payment to faculty results in salary schedule in excess of the salary schedule paid by other districts of comparable type and functioning under comparable conditions

50% Law

What if I don't meet it? (continued)

- **File an exemption** – Title 5, Sections 59206-59214 spell out the process (continued)
 - Process leading up to 2nd filing due December 1 (continued):
 - Public hearing must be noticed 30 days prior to hearing
 - Document comments received during public hearing, etc.

50% Law

What if I don't meet it? (continued)

- **File an exemption** – Title 5, Sections 59206-59214 spell out the process (continued)
 - Chancellor's Office recommends to the Board of Governors (BOG) no later than March 1 one of three things:
 - 1) The BOG deny the application
 - 2) The BOG grant the application
 - 3) The BOG grant the application in part
 - If denied, the District must develop a plan of how to rectify deficiency

50% Law

What if I don't meet it? (continued)

- **File an exemption** – Title 5, Sections 59206-59214 spell out the process (continued)
 - The plan may include:
 - Salary increases for instructors (either on- or off-salary schedule)
 - Additional instructors
 - Additional instructional aides within the definition in section 59204
 - Conversion of part-time instructors to full-time
 - Reassignment of qualified personnel from other activities
 - Other items such as instructional materials or additional counselors or librarians
 - Must garner the mutual agreement of the exclusive representative of the district's academic employees or, if none exists, the district or college academic senate

Full-Time Obligation Number (FON)

Goals for Presentation (SLOs – Student Learning Outcomes)

- Full-Time Faculty Obligation Number (FON) timelines
- How FON is calculated at the Chancellor's Office
 - When the BOG determines adequate funds
 - When the BOG determines inadequate funds
- Planning considerations
- Consequences of not meeting FON
 - Penalty
 - Deferrals
 - NO waivers!

What is the FON?

Pursuant to Education Code Section 87482.6 and CCR Title 5 Section 51025, the FON is the number of full-time faculty a district is required to employ each Fall as adjusted by:

- the lower of the projected fundable growth at the time of the budget enactment (at Advance)

OR

- the actual percentage change in funded credit FTES from the prior year (at P2).

History of FON

- AB1725 (passed in 1988) established a goal to reach 75% of instructional hours to be taught by full-time faculty.
- Funding was initially appropriated in reaching this goal.
- Baseline FON Compliance Established (based on local FON in 1988-1989)
- FON increased proportionately with funded credit FTES
- Board of Governors take action (in November) to determine if there are adequate funds in the current year to increase FON for the following year Fall.

FON Calculation Fundamentals

- Calculation is based upon credit funded FTES
 - From Apportionment Exhibit C
 - Remember the 3-year credit FTES average
 - Special Admit and Incarcerated FTES added in
- Compliance FON = lower of Advance FON or P2 FON
- If the Apportionment has a Deficit factor, FON is adjusted accordingly
- Deficit factor not known until apportionment released

Fall 2021 FON Estimator Tool

34

(Chancellor's Office March 9th Email on CBO Listserv)

| | | |
|---------------------------------------------|----------------------------------------------------------|-----------|
| District | South Orange | |
| Estimates – Require Input | | |
| | P2 Three Year Average Funded Credit FTES | 23,426.76 |
| | Deficit Factor | 0.0000% |
| Estimated Fall 2021 FON – Calculated Fields | | |
| | (a) Base FON | 397.80 |
| | (b) Base credit FTES | 23,730.30 |
| | (c) Funded credit FTES | 23,426.76 |
| | (d) (1-deficit factor) | 100.00% |
| | (e = c*d) Funded credit FTES adjusted for deficit factor | 23,426.76 |
| | (f = e-b) Change in FTES | (303.54) |
| | (g = f/b) Percent change in FTES | -1.28% |
| | (h = a*g) FTES adjustment | -5.09 |
| | (i = a + h) Estimated P2 FON | 392.71 |
| | AD FON | 362.80 |
| | Compliance FON (lesser of AD or P2 FON) | 362.80 |

3 Year Average Credit FTES

| 18-19 | 19-20 | 20-21 | Total |
|--------------------------------------|--------------------|-----------------|-------------------|
| Credit Funded FTES | Credit Funded FTES | Est Credit FTES | 3 Year Total FTES |
| 22,568.68 | 22,352.27 | 22,352.27 | 67,273.22 |
| Divide 3 Year Total Credit FTES by 3 | | | 22,424.41 |
| Add Special Admit FTES | | | 1,002.34 |
| Add Incarcerated Credit FTES | | | - |
| 3 Year Average Credit FTES | | | 23,426.75 |

Ties to Ex. C

Note: Make sure you update your Est Credit FTES after P-1, P-2, and Recal. Check you PY number too!

3 Year Average Credit FTES

Exhibit C

36

| Supporting Sections | | | | | | | | | |
|------------------------------------------|-----------------------|-----------------------|------------------------|--------------------|-----------------------|-----------------------|---------------------------------------------|-------------------|-------------------|
| Section Ia: FTES Data and Calculations | | | | | | | | | |
| variable | a | b | c | d | e | f = b + c + d + e | g = f (except credit = (a + b + f)/3) | h | i = g + h |
| FTES Category | 2018-19 Applied #3 | 2019-20 Applied #3 | 2020-21 Restoration | 2020-21 Decline | 2020-21 Adjustment | 2020-21 Applied #1 | 2020-21 Applied #2 | 2020-21 Growth | 2020-21 Funded |
| Credit | 22,568.68 | 22,352.28 | - | - | - | 22,352.28 | 22,424.41 | - | 22,424.41 |
| Incarcerated Credit | - | - | - | - | - | - | - | - | - |
| Special Admit Credit | 754.57 | 1,002.34 | - | - | - | 1,002.34 | 1,002.34 | - | 1,002.34 |
| CDCP | 1,053.06 | 1,074.75 | - | - | - | 1,074.75 | 1,074.75 | - | 1,074.75 |
| Noncredit | 2,158.28 | 2,100.42 | - | - | - | 2,100.42 | 2,100.42 | - | 2,100.42 |
| Total FTES=>>> | 26,534.59 | 26,529.79 | - | - | - | 26,529.79 | 26,601.92 | - | 26,601.92 |
| Total Values=>>> | | \$110,915,415 | \$0 | \$0 | \$0 | | | | |
| Change from PY to CY=>>> | | \$0 | | | | | | | |

| variable | j = g x l | k = h x l | l | m = j + k |
|----------------------|----------------------------------|---------------------------|--------------------|--------------------------|
| FTES Category | 2020-21 Applied #2 Revenue | 2020-21 Growth Revenue | 2020-21 Rate \$ | 2020-21 Total Revenue |
| Credit | \$92,276,461 | \$ - | \$4,115.00 | \$92,276,461 |
| Incarcerated Credit | - | - | \$5,779.33 | - |
| Special Admit Credit | 5,792,857 | - | \$5,779.33 | 5,792,857 |
| CDCP | 6,042,181 | - | \$5,621.94 | 6,042,181 |
| Noncredit | 7,100,745 | - | \$3,380.63 | 7,100,745 |
| Total | \$111,212,244 | \$0 | | \$111,212,244 |

| n | o = f + h | p = n - o | q = p x l |
|-----------------------|-----------------------|--------------------------|-----------------------------------|
| 2020-21 Applied #0 | 2020-21 Applied #3 | 2020-21 Unfunded FTES | 2020-21 Unfunded FTES Value |
| 22,352.28 | 22,352.28 | - | - |
| - | - | - | - |
| 1,002.34 | 1,002.34 | - | - |
| 1,074.75 | 1,074.75 | - | - |
| 2,100.42 | 2,100.42 | - | - |
| 26,529.79 | 26,529.79 | - | - |

Total Value=>>> \$110,915,415

| Section Ib: 2020-21 FTES Modifications | | | | | | Definitions |
|----------------------------------------|--------------------------------|----------------------------------|----------------------------------|--------------------------|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| variable | r | s | t | u | n = s + t + u | |
| R1 | Applied #0 PY 19-20 R1 FTES | Reported 320 CY 20-21 P1 FTES | Emergency Conditions COVID-19 | Allowance (ECA) Other | 2020-21 Applied #0 | |
| Credit | 22,352.28 | 22,197.57 | 154.71 | - | 22,352.28 | 19-20 App#3: 19-20 App#1 plus 19-20 Growth, is the base for 20-21 |
| Incarcerated Credit | - | - | - | - | - | 20-21 App#0: Reported R1 FTES with COVID-19 and other ECA and statutory protections. These FTES are used in the calculations of the 20-21 funded FTES. |
| Special Admit Credit | 1,002.34 | 1,094.32 | (91.98) | - | 1,002.34 | 20-21 App#1: Base for 20-21 plus any restoration, decline or adjustment |
| CDCP | 1,074.75 | 687.48 | 387.27 | - | 1,074.75 | 20-21 App#2: FTES that will be funded not including growth |
| Noncredit | 2,100.42 | 1,332.62 | 767.80 | - | 2,100.42 | 20-21 App#3: 20-21 App#1 plus Growth and will be used as the base for 21-22 |
| Total | 26,529.79 | 25,311.99 | 1,217.80 | - | 26,529.79 | 20-21 Adjustment: Alignment of FTES to available resources. |

Change Prior Year to Current Year: 20-21 App#0 value minus 19-20 App#3 value and is the sum of CY restoration, decline, growth and unapplied values

Annual Timelines

- **September or Before:** Advance FON provided for next Fall
- **November:** BOG determines adequacy of funding for current fiscal year; effects next Fall's FON
- **November 1:** Districts submit current Fall numbers
- **January:** Penalties determined for past Fall FON
- **June/July:** P2 FON and Compliance FON provided for next Fall

Adequate vs. Inadequate Funds (Determined by BOG in November)

- Adequate means COLA, Growth, or funds for other core programs exist in budget
 - Districts are expected to hit their FON
- Inadequate funds
 - Options available:
 - Prior year FON **or**
 - Current year FON (if lower than prior year) **or**
 - Maintaining, at a minimum, the full-time equivalent faculty (FTEF) percentage attained in the prior fall term.

Consequences of not meeting FON

- Penalty = Apportionment reduction
 - Number of Faculty positions to be filled in achieving FON multiplied by Average replacement cost of a Full-Time Faculty (\$82,754 for Fall 2020)
- No Waiver
 - Title 5 section 51025 (e) does not provide authority to waive the penalty for noncompliance
- Deferral of Penalty
- Funds from Penalty
 - Distributed systemwide (one-time) to fund diversity in hiring (E.C.S. 87107) = EEO funds

Planning

- It's **ALL** an Estimate
- Advance – Estimate based on Budget Act
 - Prior year funded credit FTES plus full restoration and full growth funds
- P-2 – Based on funded credit FTES at P-2
 - Remember – if you elect COVID-19 emergency conditions for FTES, this is your funded FTES
- Compliance = lesser of two “estimates”

Planning (continued)

➤ Remember!

- Base is adjusted to actual Funded Credit FTES and actual deficit at Recalc
- Account for actual growth between advance or P-2, and Recalc to adjust your base
- Account for this difference PLUS estimated Credit FTES growth your district expects to achieve in CY

Planning for Enrollment Declines

- Retirement Incentive? – Generally, with no replacement hiring!
 - Step 1. Prioritize and Plan in the Fall
 - Step 2. Recruit and hire in the Spring
- Your Plan may have several variables, contingencies, and risks you need to account for (not to mention pressure from the faculty)
- Retirement notices received within 45 days of Spring term end count in subsequent Fall FON
 - **However** – if received more than 45 days of Spring term end, they do not count in Fall FON

Things to Keep in Mind

- Full-time Faculty help with meeting 50% Law
- Instructional Service Agreements (ISAs)
 - If they generate growth in credit FTES, then FON will also grow
- The FON is the floor, not the ceiling (faculty may remind you of this), a mechanism to maintain status quo at best
- The penalty is usually cheaper than hiring a FT faculty member
 - **However**, there could be political fallout

Oh, and by the way...

Accreditation

- Eligibility Requirement 14 – Faculty
 - *“The institution has a substantial core of qualified faculty with full-time responsibility to the institution... is sufficient in size and experience...responsibilities must include development and review of curriculum as well as assessment of learning.”*
- ACCJC Accreditation Standard III.A.7
 - *“The institution maintains a sufficient number of qualified faculty with full-time responsibility to the institution.”*

What Counts?

Title 5, Sections 53308, 53309, 59204

| Type of Faculty | FON (FT Faculty only) | 50% Law (FT and PT Faculty) |
|---------------------------------------|--------------------------|--------------------------------|
| Instructional Faculty | Yes | Yes |
| Non-Instructional Faculty | Yes | No |
| Non-credit Instructional Faculty | No | Yes |
| Non-credit Counselors | Yes | No |
| Tenure Track Grant Funded Faculty | Yes | No |
| Non-tenure track Grant Funded Faculty | No | No |
| FTF Overload | No | Yes |
| Faculty Reassigned Time | Yes | No |
| Sabbatical/Unpaid Leave | Yes | No |
| Late Retirements (within 45 days) | Yes | N/A |
| Funded by Parcel Tax | No | Maybe |

Where to find Additional Information

- Chancellor's Office Website:
 - Full-Time Faculty Obligation Page:
<https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/College-Finance-and-Facilities-Planning/Fiscal-Standards-and-Accountability-Unit/Full-Time-Faculty-Obligation>
 - 50% Law Page:
<https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/College-Finance-and-Facilities-Planning/Fiscal-Standards-and-Accountability-Unit/Fifty-Percent-Law>
- Chancellor's Office March 9th Email posted on the CBO Listserv

Questions?

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