



Two Important Laws With Serious Fiscal Penalties

50% Law

Full-time Faculty Obligation Number

Student Learning Objectives

- ▶ 50% Law
 - ▶ Know what qualifies, doesn't qualify and is neutral
 - ▶ Know the penalty
 - ▶ Be aware of the Student Success issues
- ▶ Full-time Faculty Obligation Number
 - ▶ Know the basics of the calculation
 - ▶ Know the penalty
 - ▶ Be aware of the issues

50% Law

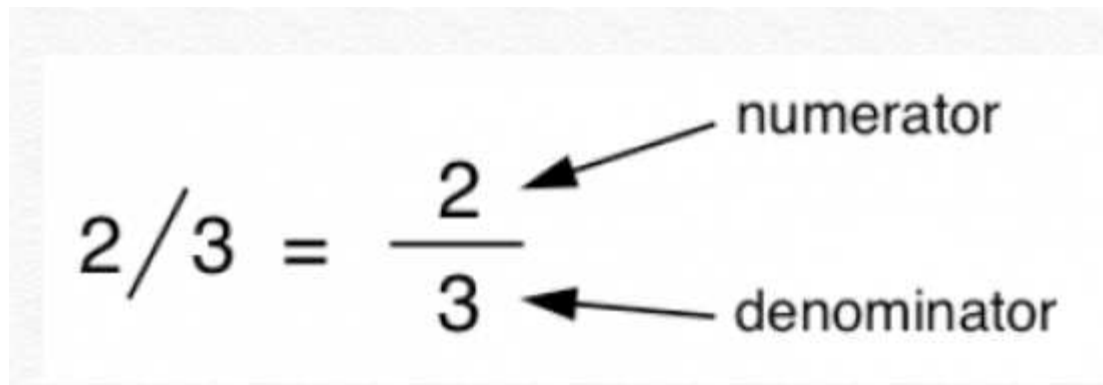
There shall be expended during each fiscal year for payment of salaries of classroom instructors by a community college district 50 percent of the district's current expense of education

California Education Code 84362(d)



Quick Review of Fractions

- ▶ The Numerator, the top number, includes the “qualifying” expenses
- ▶ The Denominator, the bottom number, is the Total Cost of Education



The diagram shows the fraction $2/3 = \frac{2}{3}$. An arrow points from the word "numerator" to the top number "2". Another arrow points from the word "denominator" to the bottom number "3".

$$2/3 = \frac{2}{3}$$

numerator

denominator

Current Expense of Education

- ▶ The Denominator
- ▶ Unrestricted General Fund only
- ▶ Excluded (AKA “neutral”):
 - ▶ Facilities and new equipment
 - ▶ Food services, bookstore
 - ▶ Community services
 - ▶ Leases for facilities or equipment



Qualifying Expenses

- ▶ The Numerator
- ▶ Salaries and benefits of
 - ▶ Classroom instructors
 - ▶ Classified instructional aides in the classroom
- ▶ Sabbaticals

Remember, only the Unrestricted General Fund

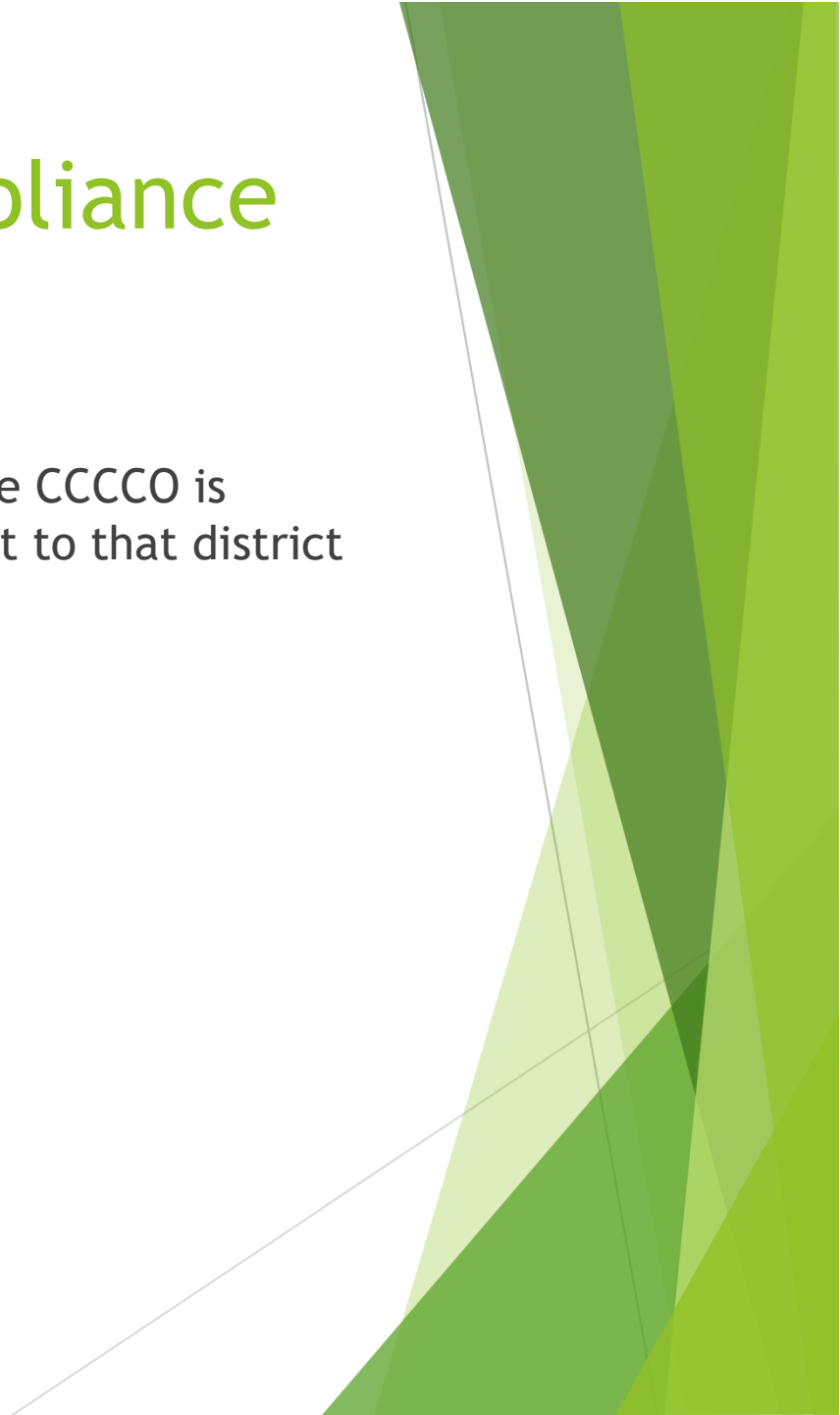
What doesn't Qualify?

- ▶ Everything else
- ▶ For example
 - ▶ Counselors, except a teaching portion if there is one
 - ▶ Librarians, except if a portion is teaching
 - ▶ Tutors, staff in labs that do not report FTES
 - ▶ Technology and technology support
 - ▶ Faculty directors - Math Learning Center, Tutorial Assistance and Writing Centers; department chairs.

Penalty for Non-Compliance

If a district misses the 50% requirement the CCCC0 is required to reduce the base apportionment to that district by the amount of the shortage.

OUCH!!!!



Issues with the 50% Law

- ▶ Student Success and Support Program
- ▶ Conflict between the law's definition of "faculty" and the faculty unions' legal obligation to represent all faculty, including chairs, directors, librarians and counselors
- ▶ Is the 50% requirement purely arbitrary?
- ▶ Do the districts cheat?
- ▶ Are the audits adequate?

Full-time Faculty Obligation Number (FON)



The Law

“If the Board of Governors has determined...that adequate funds have been provided for implementation...the district’s base full-time faculty obligation...shall be increased for the fall term of the succeeding fiscal year , by the product of the base full-time faculty obligation multiplied by the percentage change in funded credit FTES....”

The Penalty for Non-Compliance

- ▶ *“...the Chancellor shall reduce the district’s revenue for the current fiscal year by an amount equal to the average replacement cost for the prior fiscal year times the deficiency....”*
- ▶ CCCCCO has no discretionary option
- ▶ Current statewide replacement cost is \$69,532
Orange County Example

Other Issues With the FON

- ▶ Any research basis for the FON?
- ▶ No other system of higher education in the USA has such a requirement
- ▶ Can penalize districts for “doing the right thing”
- ▶ Mt. San Antonio CCD SERP (Supplemental Early Retirement Plan) example

Final Note

- ▶ Faculty unions are very powerful in California
- ▶ Faculty unions passionately and staunchly defend and protect the FON and 50% Law
- ▶ Strong legislation support, especially for the 50% law
 - ▶ It makes sense to legislators
 - ▶ Union advocacy
 - ▶ Campaign funding

Review of SLOs

- ▶ 50% Law
 - ▶ Know what qualifies, doesn't qualify and is neutral
 - ▶ Know the penalty
 - ▶ Be aware of the Student Success issues
- ▶ Full-time Faculty Obligation Number
 - ▶ Know the basics of the calculation
 - ▶ Know the penalty
 - ▶ Be aware of the issues

The End

