Analysis of Redwoods CCD
Compliance with the Fifty Percent Law
2010-11 Fiscal Year

Deficiency Calculation

1. 2010-11 Current Expense of Education (CEE) $28,462,727
2. 2010-11 Fifty Percent Expenditure Requirement $14,231,364
3. Actual Amount Expended $14,002,193
4. Total 2010-11 Deficiency $229,171
5. Amount of district exemption request $229,171
6. Amount Eligible for Exemption $186,231
7. Amount Not Eligible for Exemption $42,940
8. Unrestricted General Fund Ending Balance June 30, 2011 $2,545,360

Analysis

During 2010-11 the Redwoods CCD expended only 49.2 percent of its current expense of education on salaries of classroom instructors, and is seeking an exemption of its deficiency of $229,171. The district contends that it qualifies for “serious hardship” pursuant to CCR title 5 section 59204.1, because it expended $229,171 in general fund monies to backfill categorical programs in 2010-11.

The Chancellor’s Office determined that the district’s maximum amount of eligibility for categorical program backfill is $613,644, which leaves an unexempted deficiency for the district in 2010-11 of $42,940.

As reported on the district’s 311 annual report, the district’s Ending Balance in its unrestricted general fund as of June 30, 2011 was $2,545,360 or 8.4%.

In a letter dated December 20, 2011, the College of the Redwoods Faculty Organization (CFRO) issued a written statement opposing the district’s application for an exemption from the Fifty Percent Law. On Thursday, February 2, 2012, a hearing was held with the CFRO representative pursuant title 5, section 59209 presenting the CFRO concerns regarding the district’s application for exemption.

Both the written statement and oral testimony provided during the February 2, 2012 hearing by the CFRO representative describe two major grounds for denying the district’s application for “serious hardship” exemption from the Fifty Percent Law. CFRO contended the district is not eligible for this exemption because it provided less unrestricted general fund support for categoricals in 2010-11 than it did for 2008-09. It is the opinion of the Chancellor’s Office that the language used in section 59204.1 does not support this conclusion, because it only requires that in determining “serious hardship” relative to categorical funding backfill, the Board of Governors shall consider and
compare both the levels of categorical funding and the levels of unrestricted general fund support for categorical programs. It does not set a minimum funding level.

CRFO also pointed out a logic error on our form for districts to report their eligibility for general fund categorical backfill. We appreciate that insight, and will ensure that error will be corrected in subsequent years reporting. Due to this error it appeared to the CFRO that Redwoods CCD was not eligible for the backfill exemption. However we determined that the district is eligible for the backfill exemption as requested.

Recommendation

That the Board grants a one-time **full partial exemption of $229,171 $186,231** to Redwoods CCD, which leaves an unexempted deficiency of **$42,940**. The district shall also submit a plan to the Chancellor’s Office by June 30, 2012 stating how it will retire its unexempted deficiency, and comply with the requirements of the Fifty Percent Law in the future.