



# The Board of Governors of the California Community Colleges

PRESENTED TO THE BOARD OF GOVERNORS

DATE: November 16-17, 2015

SUBJECT: Implementation of Fall 2016 Faculty Obligation Number		Item Number: 2.9	
		Attachment: No	
CATEGORY:	Fiscal Policy	TYPE OF BOARD CONSIDERATION:	
Recommended By:	 Dan Troy, Vice Chancellor	Consent/Routine	
		First Reading	
Approved for Consideration:	 Brice W. Harris, Chancellor	Action	X
		Information	

**ISSUE:** This item presents information for the Board of Governors’ consideration in determining whether the *Budget Act of 2015* provides adequate funding to support an increase in districts’ full-time faculty hiring obligations for Fall 2016.

**BACKGROUND:** By November 20 of each year the Board of Governors must determine whether adequate cost-of-living adjustment (COLA) funds, growth funds, and funds for other core programs have been provided in the State Budget to allow full or partial implementation of the increase in full-time faculty hiring obligations, specified for districts in section 51025 of title 5, California Code of Regulations.

AB 1725, which passed in 1988, established a goal to reach 75-percent of instructional hours to be taught by full-time faculty. In 1988-89, baseline levels of full-time-equivalent faculty positions were calculated for each district, which is commonly referred to as the full-time faculty obligation number (FON). While funding was initially provided to increase the number of full-time faculty, there was not a sustained effort towards this goal. In years in which the board determines that adequate funds are available for full implementation, each district’s obligation increases approximately by its percentage increase in funded full-time equivalent students (FTES) in credit courses. (*Background contd.*)

**RECOMMENDATION:** It is recommended that the Board of Governors determines that the Budget Act of 2015 provides adequate funding to support full implementation of districts’ full-time faculty hiring obligations for Fall 2016.

***(Background contd.)***

In years in which the Board of Governor's determines that the budget act does not contain adequate funding to warrant full implementation of the FON; a district may chose in lieu of maintaining its base obligation, to maintain, at a minimum the full-time faculty percentage attained in the prior fall term. To the extent that the number of full-time faculty or percentage of full-time faculty, as appropriate, have not been retained for a given year, the Chancellor is required to reduce a district's revenue for the fiscal year by an amount equal to the average replacement cost for the prior fiscal year times the deficiency in the number or equivalent of full-time faculty.

All revenues available due to the reductions shall be made available for statewide distribution on a one-time basis. This penalty is deferred in years in which the Board determines that there are not adequate resources to implement an increase in the obligation number, but are due once the Board determines adequate resources are available. Penalties may not be waived.

**ANALYSIS:** During the course of fiscal years 2008-09 through 2012-13, the board determined that the budget act did not provide funding to justify an implementation of an increase in full-time faculty hiring obligations (Fall 2009 through Fall 2013). However, for fiscal years 2012-13 through 2014-15, the board determined the budget contained adequate funding to warrant full implementation.

The 2015-16 budget continues the state's reinvestment in public education, with significant funding augmentations for the California Community Colleges. Specifically, the 2015-16 budget provides, the following:

- \$266.7 million in general operating expense funding
- \$156.5 million for increased access
- \$61 million for the statutory 1.02% COLA
- \$200 million increase to the Student Success and Support Programs
- \$33.7 million to restore EOPS to pre-recession levels of funding
- \$148 million for deferred maintenance, instructional equipment, a drought response activities
- \$62.3 million to increase the number of full-time faculty
- \$38.7 million to fund projects and workforce development related to energy efficiency and sustainability related to Proposition 39
- \$632 million in one-time to pay down prior year mandate claims
- \$148 million in one-time for deferred maintenance, instructional equipment, a drought response activities
- \$70 million in one-time funds for issues related to basic skills.

In addition to the above investments, the budget also includes \$62.3 million to increase the ratio of full-time faculty at all districts. These funds will be allocated on an FTES-basis and each districts' FON will be increased based on their ratio of full-time equivalent faculty to full-time equivalent students. The language included in the budget requires the districts to be grouped into five quintiles based on the aforementioned ratio. The quintile with the lowest ratio of full-time equivalent faculty to full-time equivalent students (Quintile 1) will have their FON increased for every \$73,057 they receive from the allocation. The quintile with the highest ratio of full-time equivalent faculty to full-time equivalent students (Quintile 5) will have their

FON increased for every \$125,000 they receive from the allocation. Quantiles 2, 3, and 4 will have their FON increase by one for every \$80,000, \$95,000, and \$110,000, respectively. Not only do these funds increase all districts' FON, but they also recognize that some districts with lower ratios of full-time equivalent faculty to full-time equivalent students should increase their FON more expeditiously.

Overall, the Governor and Legislature provide a budget clearly supportive of community college access and success. These resources will aid us as we continue to recover from the devastating reductions of the economic downturn. Those funding reductions forced colleges to cut course sections, turn away hundreds of thousands of students, reduce crucial student support services, and tighten operational budgets, all the while dealing with new proposals to extend our reach, through the development of transfer degrees, the offering baccalaureate degrees, to increase distance education courses, and other important initiatives.

Even with the good budget news, it is important to remember that the colleges have not yet fully recovered from the economic downturn. We have not yet been funded to completely restore student access, and college operational budgets are still approximately \$750 million behind where we were before the recession, accounting for inflation. Further, college budgets will face additional stresses in the coming years, as pension obligations are scheduled to increase rapidly and the state faces the sunset of Proposition 30 revenues.

Weighing all of these factors, we believe that the Budget Act of 2015 provides sufficient COLA, growth, and other core funding to justify implementation of an increase in full-time faculty hiring obligations for the Fall of 2016.

*Staff: Michael Yarber, College Finance and Facilities Planning*