Title: Faculty Obligation Number

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Background

By November 20 of each year the Board of Governors determines whether adequate funds for access, cost-of-living adjustment (COLA), and other core programs have been provided to allow implementation of the full-time faculty hiring obligations specified for districts in section 51025 of title 5, California Code of Regulations. Generally, under these regulatory requirements, each fall term districts must employ a specified minimum number of full-time faculty. This requirement is expressed in terms of full-time-equivalent positions and is commonly referred to as the full-time faculty obligation. 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.

For the years 2005-06 through 2007-08, the board determined that there were adequate funds provided to fully address the growth increment of full-time faculty hiring obligations. However, beginning with fiscal years 2008-09 through 2012-13, the board determined that the budget act did not provide adequate funding for COLA, access, and categorical funding to justify the implementation of any increase in full-time faculty hiring obligations for these years. It should be noted that in 2009-10 and 2011-12, workload reductions implemented as a result of budget cuts actually lowered the faculty obligation number for all districts.

Analysis

The 2013-14 budget approved by the Legislature takes an encouraging step toward rebuilding and reinvesting in education after years of devastating cuts. The California Community Colleges received funding sufficient to restore access for approximately 40,000 students (approximately 1.6 percent increase in FTES). Additionally, the colleges received a COLA (1.57 percent) for the first time since the 2007-08 fiscal year. Further, the colleges were provided $88 million to restore funding to vital programs and services that have seen major cuts over the past few years, including funds for the Student Success and Support Program, DSPS, EOPS, and CalWorks. While the 2013-14 budget does not restore the system to the level of support of the years before the fiscal downturn, it does move the needle back in a positive direction. With Proposition 30 in place for several more years, Proposition 98 is expected to grow at a reasonably healthy pace, further aiding a return to fiscal health for K-14 education.
There remain areas of significant concern, however. It should be made clear that Proposition 30 revenues are not permanent. The sales tax rate increase began this calendar year and lasts through 2016. The increase on upper-income income taxes began in 2012 and will last through 2018. So, unless the tax rate increases are extended at some later date, the state will begin to experience the loss of Prop 30 revenues in the 2016-17 fiscal year and those revenues will be completely gone as of the 2019-20 fiscal year.

Also, at the same time new funding is approved for the colleges, the instability in the funding system has also increased. In 2008-09, approximately two-thirds of the general apportionment was general fund appropriated in the budget act, while the remaining one-third was based on estimates (local property taxes and fee revenues). Now, only about one-third of the apportionment is appropriated in the annual budget act while the remaining two-thirds is based on estimates (local property taxes, fee revenues, RDA, EPA) that may or may not hold true at the end of the fiscal year. This has greatly increased the system’s exposure to the risk of year-end deficits. Indeed, the system is facing a deficit for the 2012-13 fiscal year of between 0.75 percent and 2.2 percent depending on the resolution of the RDA backfill estimates that will not be settled until December. Deficits partially negate the benefit of the increases approved in the budget and create a climate of uncertainty for district budgets.

Weighing all of these factors, we believe that the Budget Act of 2013 provides sufficient COLA, growth, and other core funding to justify implementation of an increase in full-time faculty hiring obligations for the fall of 2014. The 2013-14 budget provides significant funding increases and there is a reasonable expectation of further gains over the life of Proposition 30.

Proposal

The California Community Colleges, Chancellor’s Office staff finds that the *Budget Act of 2013* provides adequate funds to support an increase in the full-time faculty obligations for community college districts for fall 2014. This recommendation will be presented to the Board of Governors at its November 2013 meeting.