

TO: Board of Trustees

FROM: Dr. Raghu P. Mathur, Chancellor

RE: SOCCCD: Report on Compliance 50% Law Progress During 2007-2008

ACTION: Information

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**BACKGROUND**

One of the many laws and regulations that affect community colleges is known as the 50% Law. This law requires fifty percent of the District's current expense of education is spent on salaries and benefits of classroom instructors and classified staff that perform services in the classroom under the direction of an instructor. In recent years the percentage in this district declined to be close to 50%.

**STATUS**

The Chancellor has established an Advisory Council on Compliance with 50% Law to review current spending patterns and make recommendations to raise compliance with this law to a reasonable level. The council provided recommendations to the Chancellor for implementation in 2007-2008 (Exhibit A). Exhibit B is a summary of expenditures that have been identified to be delayed until after June 30<sup>th</sup>. The estimated 2007-2008 current calculation for the 50% Law is based on the adopted budget. The final calculation will be made using actual expenditure amounts that will not be known until August, after the books are closed for the fiscal year.

The recommendations have been provided by the Director of Fiscal Services and President of each college, the Chancellor for District Services, and ATEP Provost. The implementation of the attached recommendations increases the percentage to 48.79%. Additional expenditure delays amounting to \$3 million will be identified by February 2008. The expenditures targeted will be placed in a separate account for 2007-2008 for purposes of control.

These projections are based on information known to date. Year end actual results will vary, of course, depending on actual operations.

The Board will be provided with another update in January 2008.

## 50% Law Recommendations for 2008-2009

*Although we must recommend changes in pursuit of a satisfactory classroom instruction expense ratio, we must always keep foremost in mind consistency with the mission, goals, and strategic plans of each unit and consider every decision's long-term impact on students.*

### 2008-2009

1. Based on 2006-2007 expenditures, a 50% Law benchmark shall be established based on the 2006-2007 year. Saddleback College is 57.75% and Irvine Valley College is 54.87% (colleges are calculated as if they were a single college district without District support costs), ATEP is 0.28%, General Expenditures is 1.18% and District Services is 4.92% (calculated to determine its contribution of the total districtwide percentage). The expenditures of the Colleges, ATEP, District & General Expenditures must not result in a negative impact greater than the base year of 2006-2007 or they must provide a remedy from their budget to meet the benchmark. Each location will regulate its staffing within their benchmarks.
2. Continue to hire replacement and new faculty positions.
3. Complete faculty salary negotiations.
4. Monitor and control supply and operating expenditures in consideration of 50% Law calculation.
5. Review account coding for every college position. Reassign or split position account coding into instructional object codes as appropriate. Examine activity coding at the *Colleges, District Services, & ATEP* to identify exempted categories such as Economic Development and Outreach.
6. HR will work with colleges to review and revise classified position descriptions to assist in 50% Law calculations when appropriate.
7. Add positions and/or increase hours for instructional aide classified positions.
8. Offer additional classes at ATEP and the colleges for 2008-2009 when feasible, thereby increasing classroom expenditures and increase FTES.
9. Except for capital outlay, delay the spending of the board designated Basic Aid funds for ATEP's future development of programs and staffing.
10. Identify non classroom expenditures that can be appropriately moved to categorical and grant programs. Identify classroom salary and benefit expenditures in categorical and grant programs that can be moved to the unrestricted general fund.

## 50% Law Recommendations for 2008-2009

11. Identify and implement energy savings projects that will reduce non classroom expenditures.
12. Instead of hiring part time faculty to replace full time faculty on reassigned time for work outside of the district (i.e. State Academic Senate, FACCC, CCA), sabbatical leave replacements and OSH banking replacements, hire one year temporary full time faculty. Basic aid funds would be used for this one time classroom expense.
13. At the discretion of the Vice President of Instruction, new Distance Education class sections should be added as appropriate.