

**CALIFORNIA COMMUNITY COLLEGES
SYSTEM OFFICE**

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June 10, 2005

ACCOUNTING ADVISORY NO. 05-02

BY EMAIL ONLY

TO: District Chief Business Officers

**FROM: Frederick E. Harris, Assistant Vice Chancellor
College Finance and Facilities Planning**

**SUBJECT: Revision of annual CCFS 311 Fifty Percent Law page to accommodate
instructional salary expenditures for Instructional Service Agreements**

System Office Legal Opinion 04-10 concluded that if an employee of an outside public or private entity teaches a course for a community college district, the district may count amounts paid to the entity for the instructor in the calculation of "salaries of classroom instructors" for purposes of Education Code section 84362, better known as the "Fifty Percent Law". This legal opinion can be found at:

<http://www.cccco.edu/divisions/legal/opinions/attachments/04-10.pdf>

If the State Budget for 2005-06 is enacted on time, and pursuant to CCR Title 5, Section 58305(d), your district's next annual CCFS 311 will be due into the System Office by October 10, 2005. Therefore, an enhancement has been made NOW to the automated CCFS 311 Fifty Percent Law page to include instructional salaries paid through Instructional Service Agreements (ISAs) in the numerator as Salaries of Classroom Instructors.

In order to capture Instructional Service Agreement-based instructional salaries expenditures and maintain the distinctions between Object Codes 1000 and 5000, line 449, column 1, is being activated. This cell can now be used only for the portion of the ISA that is attributable to the direct cost of instruction.

Since each district has one or more ISAs unique to its own needs, each ISA must be reviewed by the district to determine the amounts associated with the direct cost of instruction, as opposed to operating expenses. Depending on the ISA, these determinations may be necessary annually, and these determinations will be subject to audit.

Attached is an example of the new Fifty Percent Law page with the activated cell and updated Crosswalk Table. Please contact Patricia Laurent at 916/327-6225 or pl Laurent@cccco.edu with any questions or concerns.

**CALIFORNIA COMMUNITY COLLEGES
Annual Financial and Budget Report**

**Analysis of Compliance with the 50 Percent Law (ECS 84362)
The Current Expense of Education**

SUPPLEMENTAL DATA

Actual Year: 2004-05

S11 GENERAL FUND—UNRESTRICTED SUBFUND

Object Category	State Use Only (EDP)	ACTUAL 2004-05	
		ECS 84362(a) Instruc. Salary Costs (AC 0100-5900 and AC 6110) (1)	ECS 84362(b) Total (AC 0100-6799) (2)
Academic Salaries (CA 1000):			
Instructional Salaries (CA 1100 and 1300)	407
Noninstructional Salaries (CA 1200 and 1400)	408		
Subtotal Academic Salaries	409		
Classified Salaries (CA 2000):			
Noninstructional Salaries (CA 2100 and 2300)	411	
Instructional Aides (CA 2200 and 2400)	416		
Subtotal Classified Salaries	419		
Employee Benefits (CA 3000)	429		
Supplies and Materials (CA 4000)	435		
Other Operating Expenses and Services (CA 5000)	449		
Equipment Replacement (CA 6400 Equipment, subsidiary "Replacement")	451		
TOTAL (409 + 419 + 429) and (435 + 449 + 451)	459		
Less Exclusions for Current Expense of Education	469	()	()
TOTALS for ECS 84362, 50 Percent Law (459 - 469)	470		
Percentage of CEE (470, col. 1 ÷ 470, col. 2)	471	_____ • _____%	100.00%
50 Percent of Current Expense of Education (50% of 470, col. 2)	472		
Nonexempted Deficiency from second preceding fiscal year (if applicable)	473		
Amount Required to be Expended for Salaries of Classroom Instructors (472 + 473)	474		

Use Worksheet A or B in the Appendix as an aid to completing this form; or use an equivalent worksheet developed by the district. The worksheet boxes with key amounts are cross-referenced to the box numbers on this page. The worksheet is for local use only; do not send it to the Chancellor's Office.

**Crosswalk Table for Determining
Salaries of Classroom Instructors and Current Expense of Education
General Fund–Unrestricted
Objects of Expenditures**

OBJECT	EDP	Current Expense of Education	
		Sal. of Clsrm. Instr. (AC 0100-5900 & AC 6110) ^{1/} (1)	Total CEE ^{2/} (AC 0100-6799) (2)
1000 Academic Salaries:			
Instructional	407	1100, 1300	1100, 1300
Noninstructional	408		1200, 1400
2000 Classified Salaries:			
Noninstructional	411		2100, 2300
Instructional Aides	416	2200 ^{3/} 2400 ^{3/}	2200 2400
3000 Employee Benefits	429	3000 ^{4/}	3000
4000 Supplies and Materials	435		4000
5000 Other Operating Expenses	449	5000 ^{5/}	5000
6400 Equipment Replacement	451		6400 ^{6/}
Less Exclusions	469	Exclusions as defined	
TOTAL	470	Salaries of Classroom Instructors	Current Expense of Education

- ^{1/} Column 1, Salaries of Classroom Instructors includes applicable expenditures (by object) under activity codes 0100-5900 and activity code 6110, Learning Center.
- ^{2/} Column 2 includes all costs in the accounts listed in column 1.
- ^{3/} Includes those Instructional Aides costs in the subaccounts identified as Direct Instruction.
- ^{4/} Includes Employee Benefits, CA 3100 through 3900, subaccount Academic Instructors and Instructional Aides (Direct Instruction).
- ^{5/} Includes only direct instructional costs associated with Instructional Service Agreements.**
- ^{6/} Includes those equipment costs in the replacement subaccount.

Reference: *California Education Code*, Section 84362
California Code of Regulations, Title 5, Section 59200
Budget and Accounting Manual, Chapters 4 and 5 (2000 Edition)