

CCFS-350B – FINDINGS OF THE LOCAL GOVERNING BOARD REGARDING THE FIFTY PERCENT LAW

District: _____

Exemption Request for Fiscal Year: _____

Calculation of Apparent Deficiency

1. Current Expense of Education _____
(CCFS-311 report 'Analysis of Compliance with the Fifty Percent Law', Total for ECS 84362, column 2)
2. Required expenditure for Salaries of Classroom Instructors _____
(Item 1 above multiplied by 50%)
3. Actual expended for Salaries of Classroom Instructors _____
(CCFS-311 report 'Analysis of Compliance with the Fifty Percent Law', Total for ECS 84362, column 1)
4. Exemption Request _____
(Item 2 less item 3)

Basis for Exemption Request

1. Serious Hardship
 - a. Increasing expenditures for the Salaries of Classroom Instructors would result in the district being unable to discharge financial liabilities
 - b. First year infusion of new moneys resulted in the inability to expend 50 percent for the Salaries of Classroom Instructors
 - c. Unanticipated, unbudgeted, and necessary expenditures resulted in the inability to expend 50 percent for the Salaries of Classroom Instructors
 - d. The district has expended funds pursuant to CCR title 5, section 59213(f)
2. District pays Salaries of Classroom Instructors higher than cohort per CCR title 5, section 59204(e)

Certification by Governing Board Representative

I hereby certify that the information contained in this application is true and correct. A copy of this application has been provided to the exclusive representative of the district's academic employees and the district or college academic senate.

Name: _____

Title: _____

Signature: _____ Date: _____

Instructions for CCFS-350B – Findings of the Local Governing Board Regarding the Fifty Percent Law

This form and additional supporting information is **due to the Chancellor's Office by December 1** following the end of a fiscal year in which a district has not expended the amount required to comply with the Fifty Percent Law.

Submit this form, and supporting documentation, as a pdf to fiscalstandards@cccoco.edu.
AdobeSign electronic signatures are accepted.

In determining inability to discharge financial liabilities, the Board of Governors will consider the factors set forth below:

- 1.** If the exemption request is based on serious hardship, the district must document and support its request for exemption by providing answers to the following questions.
 - a.** What is the net ending balance of unrestricted general funds reported on *CCFS-311* for fiscal year for which an exemption is requested?
 - b.** Are there noncash assets included in this ending balance? If so, what is the amount of noncash assets in the unrestricted general fund ending balance?
 - c.** If the district has a reserve fund in addition to the net ending balance, what is the amount of this reserve?
 - d.** How many full time equivalent students (FTES) did the district report for the year for which an exemption is requested?
 - e.** What would have been the consequence to the district of expending the amount of the deficiency on *Salaries of Classroom Instructors*? (Provide details of the number and classifications of staff and/or the type of operating expenses that would have been redirected to *Salaries of Classroom Instructors*. Provide a listing of the tasks and functions the district would have been unable to perform as a result of redirecting funds to *Salaries of Classroom Instructors*.) Attach additional sheets to this form, as necessary.
- 2.** To the extent that unanticipated, unbudgeted, and necessary expenditures resulted in the district's inability to comply with the requirements of *Education Code Section 84362*, the district may request an exemption. For example, such expenditures may include expenditures resulting from arbitration or litigation; replacement or repair of utility services; an abnormal increase in the cost of energy, insurance, or security; or a

cost increase mandated by State or federal law. The list of expenditures must accompany this exemption request.

3. A district cannot be required to pay *Salaries of Classroom Instructors* above those paid by its cohort. This cohort is determined using CCR title 5 section 59204(e): 1) cohort includes only districts meeting the *Fifty Percent law*; 2) districts with *Current Expense of Education* per FTES within \$250 of district seeking exemption; 3) number of FTES within 30% of district seeking exemption; 4) if necessary, to identify 5 districts, increase the *Current Expense of Education* per FTES by \$50 increments and number of FTES by 5% increments. The average of the *Salaries of Classroom Instructors* per FTES (SCI/FTES) of the 5 districts in the cohort is compared with the SCI/FTES of the district seeking exemption. Any difference between the two is then multiplied by the FTES for the district seeking the exemption. The possible outcomes for this comparison are:

- District A has a \$150,000 deficiency and pays SCI/FTES \$50,000 above cohort average. The district cannot be required to pay the \$150,000 deficiency in faculty salaries because that would result in the district paying salaries higher than the cohort salaries: \$50,000 above the average SCI/FTES of cohort plus an additional \$100,000. Therefore, this district is eligible for a \$150,000 exemption under the comparable salary justification, if the district applies for it.
 - **District B** has a \$20,000 deficiency and pays SCI/FTES \$50,000 above cohort average. District B is paying \$30,000 more in comparable salaries than its deficiency and would be eligible for a full exemption under the comparable salary justification, if the district applies for it.
 - **District C** has a \$100,000 deficiency and pays SCI/FTES \$25,000 below cohort average. The district would be eligible for an exemption for the deficiency amount remaining after it expended the cohort average amount: \$25,000 would be unexempted and \$75,000 would be exempted, if the district applies for it.
 - **District D** has a \$25,000 deficiency and pays SCI/FTES \$50,000 below cohort average. This district would not be eligible for an exemption under this category even if it applies for it. However, this district could apply for an exemption under one or more of the 'serious hardship' categories.
4. Districts with a deficiency that is not entirely exempted by the Board of Governors are subject to CCR title 5 section 59213. This section specifies that districts submit a plan, by June 30 of the current fiscal year, projecting how the amount of the unexempted deficiency will be expended timely for *Salaries of Classroom Instructors*. This plan may

include an agreement with faculty specified in paragraph (f) which allows expenditures to be counted in the numerator that are not normally counted in the numerator. The amount of the unexempted deficiency will be held in the district's County Treasury until this plan is received or the district retires the entire deficiency.

- 5.** Per *CCR* title 5 section 59214, if the district fails to comply with *Education Code Section* 84362 within two years following the year for which exemption is being sought, an amount equal to the nonexempt amount or the amount by which the district failed to comply (whichever is less) shall be deducted from apportionments made to the district on a one-time basis during the third year following the year of the deficiency.

By December 1 following the end of a fiscal year in which a district has not expended the amount required to comply with the Fifty Percent Law, please submit this completed form and supporting documentation to fiscalstandards@cccoco.edu.