

Planning & Budget Report

For AS meeting 11-24-2020

SAC policies/practices and fiscal impact to SAC during Hold Harmless period

Disclaimer: the purpose of this handout is for faculty and administrators at SAC be informed of fiscal impact from policies/practices, at least during the Hold-Harmless (HH) period. Calculations/estimates herein are to the best of my knowledge and this document is not to promote any particular policy or direction.

1. State funds RSCCD, not SAC nor SCC. During HH period (now until 23-24), state funding to districts is relatively fixed adjusted by COLA, state adjustments...
2. According to our Budget Allocation Model (BAM), state funding is distributed as follows: District office (DO) gets its share first, the left over balance (LOB) is distributed to SAC & SCC using a percentage for each college. The % for SAC & SCC is calculated each year, and they together add up to 100%.

Example (numbers are just for illustrative purposes):

If RSCCD gets \$175 mil in a given year, and if DO gets \$35 mil, LOB is \$140 mil. If SAC% & SCC% are determined to be 70% & 30% respectively, SAC would get \$98 mil ($\$140 \text{ mil} \times 70\%$), SCC would get \$42 mil ($\$140 \text{ mil} \times 30\%$). If SAC% and SCC% are determined to be 65% and 35% respectively, SAC would get \$91 mil, SCC would get \$49 mil, a shift of \$7 million from SAC to SCC.

So the percentages for SAC & SCC are very impactful to how much \$\$ from the same pot (LOB) each institution gets during HH years. How do these two percentages get calculated each year?

Each institution generates and reports FTES, success and supplemental metrics each year (or average of 3 years depending on the metric). These 3

sets of metrics each multiplied with its rate (dollars per FTES, dollars per degree...) generate a total for each institution. The higher the total an institution generates in a given year, the higher percentage that institution will get (in that year), and more \$\$ for the institution.

What does this have to do with SAC policies?

Because of the way campus split of LOB is calculated, and because of the unique situation we are currently in (hold harmless, both colleges earn less \$\$ than state is funding, pandemic) if some policies at SAC are more strict/less accommodating than those at SCC that would result in lower number in FTES, degrees or supplementals for SAC; SAC % in turn would lower and its share of somewhat fixed LOB would lower as well.

Examples of scenarios (may be real or hypothetical):

- If DE at SCC makes it easier for SCC faculty to qualify to teach online than at SAC, they could generate more FTES and increase their percentage
- If SCC does offer additional outside classroom hour for certain noncredit classes and SAC doesn't, they would get more contact hours, more FTES and higher percentage
- If a program at SCC is converting it to remote and therefore can offer it while SAC is not doing so, again SCC would get more FTES and the split percentage would increase for SCC and decrease for SAC.

A small change in percentage would result in a pretty big dollar amount (in the example above, 5% change in percentage results in ~\$7 mil shifted). So keep these figures, impact in mind as you develop/revise policy/practices during the next few years.

Respectfully submitted,

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