

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 4, 2011
POSITION: Oppose
SPONSOR: California Federation of Teachers

BILL NUMBER: SB 114
AUTHOR: L. Yee

BILL SUMMARY: Community Colleges: Academic Salary Schedules

This bill would require California community college districts (CCCDs) to: (1) determine part-time faculty compensation using a salary schedule that would place part-time faculty in comparable salary steps as full-time faculty with similar education and experience; (2) place part-time faculty on a salary schedule that mirrors the same relationship to the placement of full-time faculty on the salary schedule; (3) calculate part-time faculty salary as a percentage of full-time salary; and (4) report the calculated salary on payroll notices and to the California State Teachers' Retirement System (STRS). The bill would also make various legislative findings and declarations concerning part-time and full-time community college faculty.

FISCAL SUMMARY

The bill could create a reimbursable state-mandate that could cost \$200 million in Proposition 98 General Fund by requiring part-time faculty compensation to be calculated as percentage of full-time faculty salary. The California Community College Chancellor's Office (CCCCO) estimates that it would cost \$154 million to \$173 million Proposition 98 General Fund to bring part-time faculty compensation in line with full-time faculty. If the bill is interpreted to create more parity with full-time faculty pay which includes non-classroom activities such as preparing lessons and grading assignments, then the estimated cost could reach \$200 million.

The bill could also create a reimbursable state-mandate that could cost hundreds of thousands and potentially millions of dollars in Proposition 98 General Fund by requiring the CCCDs to perform specified reporting activities and developing salary schedules. Assuming that mandated activities resulted in reimbursable costs between \$10 and \$100 for each of the nearly 42,000 part-time faculty instructors, the bill would cost \$420,000 to \$4.2 million Proposition 98 General Fund. The mandated cost could be greater if the CCCDs would be required to implement salary changes through the collective bargaining process or if payroll systems or other administrative processes needed to be revised.

COMMENTS

The Department of Finance opposes this bill for the following reasons:

- The bill could create a reimbursable state-mandate that could cost hundreds of millions of dollars in Proposition 98 General Fund by requiring the CCCDs to compensate part-time faculty on an equitable basis with full-time faculty and to comply with the specified reporting and administrative requirements. Given the current budget crisis, it would not be prudent fiscal policy to expose the state to a potentially significant reimbursable state-mandate while the state struggles to fund existing programs.
Each CCCD has its own unique needs that can be met through local collective bargaining agreements. Requiring pay calculations and salary schedules would limit CCCD flexibility to develop compensation packages that reflect available resources while balancing local needs and priorities.

Analyst/Principal Date Program Budget Manager Date
(0331) E. Hanson Nick Schweizer

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

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Part-time faculty compensation pay is determined at the district level and is established through the collective bargaining process. Existing law establishes 525 instructional hours as the minimum standard for full-time equivalency for part-time community college instructors to achieve service credit for STRS benefits.

According to the author's office, because of the differing salary schedules, it is difficult for districts to accurately calculate service credit for part-time instructors. As a result, the service credit for part-time faculty is often erroneously calculated and reported to the STRS and the instructor. The author's office also identifies pay inequities for part-time faculty that perform similar duties and that have similar qualifications and experience as full-time faculty. This bill would establish a standard process for districts to determine part-time faculty compensation based on the same standards used for establishing full-time faculty compensation, which would lead to more accurate service credit calculations.

Since 2002-03, the state has provided categorical funding to assist districts in making part-time faculty salaries more comparable to full-time faculty salaries for similar work. The Budget Act of 2010 provides \$24.9 million for this purpose; however, this program is included in the categorical flexibility along with several other programs. Therefore, the CCCDs have the flexibility to increase funding for this purpose if it is a local priority. From 2000 to 2010, the number of part-time faculty increased by 14 percent from approximately 37,000 to 42,000, while wages increased by almost 49 percent from approximately \$45 per hour in 2000 to approximately \$67 per hour in 2010. For the same period, the number of tenured full-time faculty increased by 6 percent from approximately 17,000 to approximately 18,000, while the average salary increased 37 percent from approximately \$63,000 to approximately \$86,000.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	
6870/Comm College	LA	Yes		-----	See Fiscal Summary	-----			0001