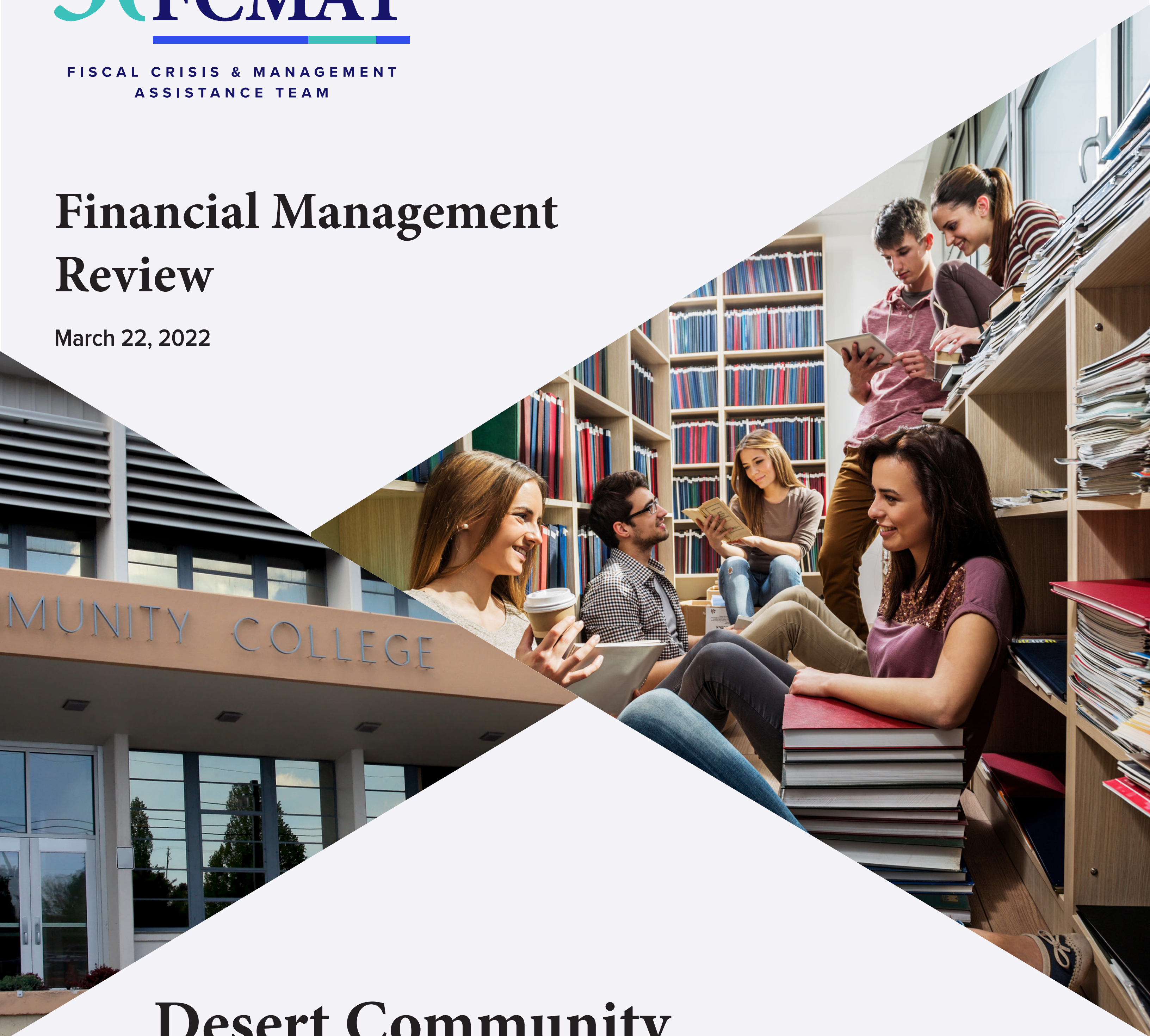
30TH ANNIVERSARY FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

Financial Management Review

March 22, 2022



Desert Community College District

Michael H. Fine
Chief Executive Officer

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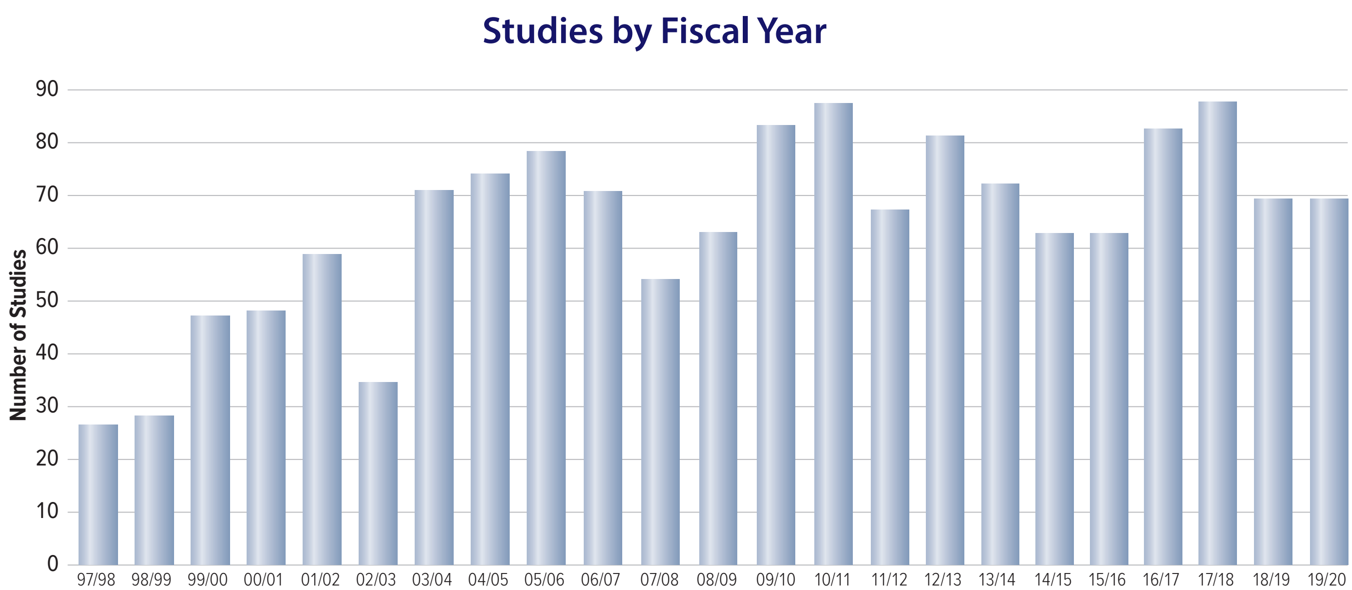
About FCMAT

FCMAT's primary mission is to assist California's local K-14 educational agencies to identify, prevent, and resolve financial, human resources and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT's fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices, support the training and development of chief business officials and help to create efficient organizational operations. FCMAT's data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and inform instructional program decisions.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state superintendent of public instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the LEA to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.



FCMAT has continued to make adjustments in the types of support provided based on the changing dynamics of K-14 LEAs and the implementation of major educational reforms. FCMAT also develops and provides numerous publications, software tools, workshops and professional learning opportunities to help LEAs operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) division of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS). CSIS also hosts and maintains the Ed-Data website (www.ed-data.org) and provides technical expertise to the Ed-Data partnership: the California Department of Education, EdSource and FCMAT.

FCMAT was created by Assembly Bill (AB) 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. AB 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. AB 1115 in 1999 codified CSIS' mission.

AB 1200 is also a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. AB 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

In January 2006, Senate Bill 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

On September 17, 2018 AB 1840 was signed into law. This legislation changed how fiscally insolvent districts are administered once an emergency appropriation has been made, shifting the former state-centric system to be more consistent with the principles of local control, and providing new responsibilities to FCMAT associated with the process.

Since 1992, FCMAT has been engaged to perform more than 1,400 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Michael H. Fine, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

In October 2021, the Desert Community College District asked the Fiscal Crisis and Management Assistance Team (FCMAT) to conduct an analysis of the district's operational and financial structure with the intent to improve the management of the district's current expense of education. This includes reviewing and analyzing the account code structure and onboarding process, analyzing time and effort employment reports for management and professional staff and developing recommendations for improvement.

This study is intended to assist the district in evaluating the 2020-21 50% Law calculation and to achieve compliance. California Education Code Section 84362, commonly known as the 50% Law, as well as the implementing regulations in the California Code of Regulations Title 5, Section 59200, et al., requires that community colleges expend at least half their current expense of education on the salaries and benefits of classroom instructors. The 50% law allows for certain expenditures to be exempt from the current expense of education.

Background

The Desert Community College District, more commonly known as College of the Desert, is one of over 115 community colleges in California. The college was founded in 1958 and opened in September 1962. The district is the number one source of transfer students to California State University, San Bernardino. The district also offers many popular vocational and technical programs, including nursing and health sciences, digital design and production, turf grass management and ornamental horticulture, advanced transportation technologies, culinary arts and a full range of administration of justice courses.

Since 1958, it has graduated more than 125,000 students in degree and certificate programs, including business administration, film, television and electronic media, psychology, environmental sciences, agriculture business, nursing, public safety, early childhood education, and computer information systems.

Study and Report Guidelines

FCMAT visited the district virtually on November 4, 2021 to conduct interviews, collect data and review documents.

FCMAT's reports focus on systems and processes that may need improvement. Those that may be functioning well are generally not commented on in FCMAT's reports. In writing its reports, FCMAT uses the Associated Press Stylebook, a comprehensive guide to usage and accepted style that emphasizes conciseness and clarity. In addition, this guide emphasizes plain language, discourages the use of jargon and capitalizes relatively few terms.

Study Team

The study team was composed of the following members:

Michelle Giacomini
FCMAT Deputy Executive Officer

Cambridge West Partnership, Inc.
FCMAT Consultant

Laura Haywood
FCMAT Technical Writer

Each team member reviewed the draft report to confirm accuracy and achieve consensus on the final recommendations.

Executive Summary

During the 2020-21 fiscal year, the district submitted the annual CCFS-311 financial report (a comprehensive report that is the basis for audited financial statements) to the California Community Colleges Chancellor's Office indicating that it would not meet the 50% Law compliance. The district is required to spend at least half of its current expense of education on instruction-related expenses. The district projected it would be short of the 50% compliance requirement by $1,134,116 (Appendix A). Absent any further review, the district would be required to complete the following steps:

1. Notify the local Board of Trustees and the State Chancellor's Office of noncompliance by September 15, 2021.
2. Conduct a hearing with the Board of Trustees with the intent of asking the Board of Governors (BOG) for a 50% Law compliance waiver. Develop a complete financial analysis describing why the district should receive a waiver. The deadline for the public hearing was December 2, 2021.
3. The application for the compliance waiver along with the fiscal analysis will be presented to the BOG in March 2022. If the waiver is issued, the district does not have to spend half of the current expense of education on instruction-related expenses. If the waiver is not granted, the district will be required to increase the instruction-related expenses equal to the shortfall in the prior year.

During late fall 2021, the FCMAT team completed its analysis, helped identify coding errors and established recommendations to alleviate the problem in future years. This report is a result of those activities.

Findings and Recommendations

Compliance

FCMAT was asked to help the district make improvement toward compliance in meeting the 50% Law. FCMAT reviewed these areas for compliance: use of exemptions, retirement incentives, and time and effort reporting.

A questionnaire was developed for use during initial interviews to provide a guide for possible areas of improvement and to develop strategies for meeting compliance with the 50% Law. For example, questions were asked regarding the use of eligible overtime or operational expenses that could be coded to the Higher Education Emergency Relief Funds (HEERF). Areas reviewed included maintenance and operations, information technology, business services, purchasing, and payroll overtime as a result of the pandemic.

Use of Exemptions

The use of exemptions to the current expense of education was explored to ensure that lottery, pandemic-related expenses, capital replacement equipment, rents, leases, health services, and other items were all excluded. Education Code Section 84362 describes the current expense of education as:

> "the gross total expended (not reduced by estimated income or estimated federal and state apportionments) for the purposes classified in the final budget of a district (except one which, during the preceding fiscal year, had less than 101 units of full-time equivalent student) for academic salaries other than academic salaries for student transportation, food services, and community services; classified salaries other than classified salaries for student transportation, food services, and community services; employee benefits other than employee benefits for student transportation personnel, food services personnel, and community services personnel; books, supplies, and equipment replacement other than for student transportation and food services; and community services, contracted services, and other operating expenses other than for student transportation, food services, and community services."

Current expense of education, per EC Section 84362, does not include expenditures classified as:

> "sites, buildings, books, and media and new equipment (object of expenditure 6000 of the Accounting Manual for California Community Colleges), the amount expended from categorical aid received from the federal or state government which funds were granted for expenditures in a program not incurring any instructor salary expenditures or requiring disbursement of the funds without regard to the requirements of this section, or expenditures for facility acquisition and construction; and shall not include the amount expended pursuant to any lease agreement for plant and equipment or the amount expended from funds received from the federal government pursuant to the "Economic Opportunity Act of 1964" or any extension of that act of Congress or the amount expended by a community college from state or federal funds received by the community college for grants to community college students or for the employment of community college students."

Retirement Incentives

Retirement incentives and retiree health and welfare benefits were reviewed to ensure they were excluded from the current cost of education. FCMAT determined that they were properly coded and exempted accordingly.

Time and Effort Reporting

Time and effort reporting was reviewed and positions were discussed to determine if they were part of exempted activities or included in instructional activities. The California Community College Budget and Accounting Manual, Section 4-23, states for object code 1100, Instructional Salaries, Contract or Regular Status, that authorized duties of academic employees whose salaries are to be reported in this object account include, but are not limited to:

- Classroom instruction to students
- Preparation for and evaluation of classroom work
- Extracurricular activities that arise out of, or are extensions of, classroom work
- Duties ordinarily assigned to faculty personnel in connection with the custody and control of students in situations other than in the classroom (work experience programs or field trips)
- Intermittent duties as assigned either individually or in connection with committee work, in-service training, or institutes whose purpose is the evaluation or improvement of the educational program in the district

Time and effort reporting for faculty, management and classified positions was reviewed. During the analysis, FCMAT found that several positions for tutoring and classroom aides were coded to noninstructional activities. Additionally, the team evaluated whether the district engaged in virtual services for tutoring or other types of instructional-related online services. The objective was to ensure the proper coding of these expenses to the 2200 or 2400 account code series.

Per the California Community College Budget and Accounting Manual, the 2200 account code includes "Expenditures for the full and prorated portions of salaries paid to instructional aides (defined in Education Code Section 88243) who have been designated as regular employees. Overtime paid to instructional aides who have regular status is recorded within object 2400, Instructional Aides, Other. Account Code 2400 expenditures are for the full and prorated portions of salaries of instructional aides (defined in Education Code Section 88243) that do not have regular status as well as overtime paid to instructional aides who have regular status."

Categorical funding opportunities were also assessed. The team reviewed other funding sources such as Guided Pathways, Strong Workforce and Student Equity and Achievement funds to determine if any positions could be coded to other funding sources without supplanting, and to determine whether coded staff assignments matched the actual work assignments.

Management and administrative positions were reviewed. The study team determined that a percentage of these positions could be coded to Administrative Services Activity (ASA) Code 6800 based on actual position activity.

Athletic-related, auxiliary-related and foundation-related positions were evaluated to ensure that maintenance and operations, and custodial and grounds support positions in these areas were coded to exempted ASA Code 69XX. The percentage of facilities-related support in these areas can be coded to an exempted ASA code.

Since most of the expenditures and current cost of education are salaries and benefits related, the study team requested a report for both faculty reassign time and classified permanent positions.

a. Faculty Reassign Time

Faculty reassign time was reviewed for time and effort reporting. Faculty may be reassigned from classroom duties to perform other district administrative and instructional-related activities outside the classroom. The study team found that certain positions were eligible to be coded to instruction. For example, the student learning outcomes coordinator, curriculum chair and program review coordinator can be considered instructional per the definition of 1100 account code series in the Budget and Accounting Manual.

A report for all faculty reassign time was requested and reviewed. When faculty are reassigned outside the classroom, the district must hire additional faculty to teach their courses. This results in added costs to the district in the current expense of education.

b. Faculty Cohort Review

A request was sent to the California Community Colleges Chancellor's Office for the current expense of education for all districts that certified their CCFS-311 financial report. Cohort districts were reviewed and compared for the current expense of education per full-time equivalent student (FTES) as well as the salary of classroom instructors per FTES. FTES information was gleaned from the Chancellor's Office Data Mart website.

c. Onboarding Process

An example of the onboarding process form was requested and provided. The district uses an automated system for form submission. The requestor submits the form identifying the position to be filled. The form contains sections such as the name, position and posting number, supervisor, department, start date, hours per day, full-time equivalent, range, step, pay rate, and account code(s). Other sections include Department of Justice clearance and board of trustees' approval date.

After the requestor completes the necessary sections, it is electronically routed to the immediate supervisor of the requestor. Following this approval, it is routed to the supervising vice president. The form is then routed to the director of fiscal services and the director of human resources for review and approval.

d. Classified Salaries

Since a significant portion of the current expense of education is in noninstructional salaries and benefits, all classified position salaries and benefits were requested and evaluated. Using the same cohort developed for faculty review, a comparison of classified salaries was conducted. Ten random positions were selected and compared to the cohort districts. Variations were found in compensation ranges for similar classified positions in the cohort district comparison.

e. Health and Welfare

The current district health and welfare cap was reviewed using the same cohort districts and is found in Appendix D. The district is slightly above the average of the cohort districts used in the comparison.

f. Current Cost of Education and COVID-19

Trial balances for fiscal years 2019-20 and 2020-21 were requested to analyze the impact of COVID-19 on the current expense of education. Many districts migrated to an online learning environment during the pandemic for social distancing and to minimize the potential spread of COVID-19. Because fewer faculty, staff and students were physically on campus, operational costs declined. As districts migrate back to either hybrid or in-person classes, operational expenses will likely increase as a result, potentially negatively impacting the 50% Law calculation.

The review of how positions were coded revealed several instructional laboratory technicians, assistants and tutors that were coded to noninstruction. Per Education Code Section 84362(3), salaries of classroom instructors includes, "The salary paid to each instructional aide employed by the district, any portion of whose duties are required to be performed under the supervision of an instructor."

Additionally, two faculty positions were coded in the unrestricted fund for reassign time: a curriculum committee chair and a student learning outcomes coordinator. Several faculty reassign positions were listed as program review coordinator and it was not clear if there was one overall program review coordinator.

Some noninstructional positions were coded to nonexempt activities. The positions review showed that several administrative positions worked in exempted activities.

Section 4-16 of the California Community College Budget states under Activity 6800, Community Service and Economic Development, "This activity is used to record expenditures associated with providing general public services to the community-at-large or to business and special groups within the community. Applicable costs for community services include expenditures for conferences, lecture series, institutes, classes, and recreational activities, as well as the costs of providing facilities for the nonpartisan benefit of the community-at-large. Applicable costs for Economic Development include expenditures for education and services provided to the business community to advance California's economic growth and global competitiveness."

FCMAT developed a matrix indicating areas where the instructional and the current expense of education components can improve. This tool was used to track progress toward meeting 50% Law compliance and was shared with the district to maintain compliance with the law.

Per CCR Title 5, Section 59205(e), 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 50% 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 five 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 five 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 review of 2020-21 showed that a few districts were used to develop the cohort. The district is above the cohort average by 1%.

The district employs classified staff to support district needs. In reviewing 10 random positions and doing a salary comparison with the cohort districts, some significant differences appear with certain positions in classified compensation as identified in Appendix B. For example, custodians and education advisor equivalent positions are higher than the cohort. Accounting technician/senior accounting clerk and library specialist positions are lower than the cohort. A formal compensation study would need to be conducted for a complete look into comparison ranges with respective cohort districts.

Additional time and effort reporting is needed to ensure that activities being performed are accurately reflected in the current expense of education. For example, several laboratory assistant/technician positions were coded to noninstruction.

There may be opportunities to further exempt a portion of salaries, but the extent is unknown until the district performs time and effort reporting. A survey has been developed and sent to the district to help with time and effort reporting and is found in Appendix C: Exempted Activities Survey.

FCMAT found that the district does not use multiyear budget projections to analyze compliance with the 50% Law. Multiyear budget projections assist with overall district planning. California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) costs have been increasing for the past several years and are expected to continue to increase. Multiyear budgets allow insight into the status of 50% Law compliance and provide time to develop a plan in case compliance will not be met in future years. Projections help avoid surprises. A lack of projections makes it difficult to understand the impact of hiring noninstructional positions or the effects of noninstructional related expenditures connected to the current cost of education. COVID-19 also affects expenditures. The district should produce and monitor 3- to 5-year budget projections to help analyze the impacts of the above referenced factors on the 50% Law compliance.

Recommendations

2020-21 50% Law Compliance

The district should recode the instructional laboratory technicians, assistants and tutors to instructional activity. The two faculty positions for curriculum chair and student learning outcomes coordinator should be coded to instructional activity. The portion of noninstructional salaries that meets the requirements should be recoded to exempted activity codes. With these recommended adjustments, the district would meet its 50% Law compliance in 2020-21.

Training on 50% Law Compliance

Training on 50% Law compliance is needed. The director of fiscal services approves all position requests. Since this position reviews all positions, the director should be trained on 50% Law compliance and assist with training other district staff on the 50% Law. Compliance with the 50% Law is an institutional responsibility, not the responsibility of a single department. Best practice is to train at the requestor level (supervisor) or division approval level (dean) so the user understands what is exempted and what is considered instructional.

Perform Time and Effort Reporting

FCMAT developed a survey to query the district on positions that may fit the criteria of exempted activities. This survey should be sent out and type of activity coding changes promptly made to the positions that fit the exempted activities criteria. Results of the survey have the potential to exempt expenditures within the current expense of education. For example, additional administrative-level positions or staff that report to the administrative level may engage in community service and economic development in accordance with Administrative Services Activity Code 6800. The survey can be found in Appendix C.

Conduct a Compensation Study

District compensation for salaries is mostly higher than the cohort average and comparable districts for faculty and some of the classified positions. Some other classified position ranges are lower than the cohort district comparison. The district should conduct a formal compensation study to analyze the various positions compared to the cohort districts. Compensation studies review background information to include organizational charts, class specifications, compensation and benefits data. Traditional positions are identified as a representative sample of the levels and types of positions across departments and offices. The traditional positions selected represent standard positions typically found in community colleges.

Review Faculty Reassign Time

In fall 2021, the district had the equivalent of nearly 12 faculty positions on reassign time. Faculty may be reassigned outside of the classroom to perform instruction-related or noninstructional functions. Of the faculty that were reassigned, approximately two positions were on banked load (using prior term faculty teaching load for current year teaching load) and one position was on sabbatical leave. Using the 175-day pay scale at step 6, column 3, the average cost of a faculty member is about $106,573. With benefits included, that amount is $130,029. The total estimated cost using the step 6, column 3 range pay scale is $1,540,066 for the 11.84 positions on reassigned time or on leave. When faculty are reassigned outside the classroom, it creates an added cost to meet the 50% Law compliance. Additionally, the classroom assignments of reassigned faculty typically are backfilled with other faculty. Faculty reassign time should be reviewed and evaluated to determine whether it is essential at this time or required as part of the collective bargaining agreement.

Develop Multiyear Budget Scenarios

CalPERS contribution rates have increased over the past several years and are expected to continue to increase. The 2021 rate was 22.91%, the 2022 rate is 26.10% and the 2023 rate is expected to be 27.10%. CalSTRS rates also have increased. In 2021 the rate was 16.92%; the 2022 and 2023 rate is 19.10%. The district will need to develop multiyear budget projections to identify the impact of these increases when calculating the estimated compliance with the 50% Law. The district should develop 3- to 5-year budget projections to analyze potential shortfalls in compliance with the 50% Law and develop a plan to meet the requirements.

It will also be essential to establish multiyear budget projections to monitor the effects of COVID-19 on the current expense of education. Expenses charged to one-time COVID revenue will need to be charged to the unrestricted general fund in future years.

Table 1 shows the analysis of two years of trial balances to analyze the impacts of COVID-19. Instructional salaries (Object 1XXX) were down 3.3% and operational material and supply costs (Object 5XXX) were down 42.9%. As the district transitions from COVID-19, the operational costs will need to be reviewed as increases will negatively impact the current expense of education.

Object	2019-20	2020-21	Difference	%
1XXX	28,561,300	27,622,231	-939,068	-3.3%
2XXX	14,972,495	16,341,520	1,369,024	9.1%
3XXX	18,862,244	18,993,146	130,902	0.7%
4XXX	889,390	508,020	-381,370	-42.9%
5XXX	6,862,002	6,979,862	117,860	1.7%
6XXX	304,937	127,617	-177,320	-58.1%
7XXX	4,838,307	6,723,911	1,885,605	39.0%
Totals	75,290,675	77,296,308	2,005,633	

Evaluate Need for New Noninstructional Positions

The district had an increase in classified salaries of nearly $1.4 million between 2019-20 and 2020-21. Because the district ended the 50% Law compliance at 50.00% for 2020-21, any new noninstructional positions that are funded from unrestricted sources should be evaluated and examined to maintain compliance for 2021-22. Increases in noninstructional positions, including counselors and librarians, increase the current expense of education and negatively affect 50% Law compliance. The district should monitor hiring for these positions and the impact on the current expense of education component of the 50% Law compliance.

Summary

Several variables affect the current expense of education. Increases in CalPERS will significantly increase the current cost of education as well as increases to operational expenses from transitioning from COVID-19. Because the district has higher compensation than the cohort of faculty and several classified positions, a compensation study should be considered.

Additionally, several faculty are reassigned to noninstructional activities, which negatively impacts the current expense of education. When a faculty member is reassigned, their load must be made up by backfilling their classroom assignments. In addition, the noninstructional reassign time activities adversely affect compliance with the 50% Law. Faculty may be reassigned outside of the classroom; however, the amount of faculty reassign time should be thoroughly reviewed and evaluated to determine whether it is essential.

The district should closely monitor compliance in 2022-23 and develop or use the planning tools that have been provided to evaluate progress toward compliance.

Finally, the district should develop multiyear budget projections to analyze future compliance with the 50% Law.

The above recommendations have the potential to improve the current cost of education for the district.

Appendices

Appendix A: Current Expense of Education

DESERT COMMUNITY COLLEGE DISTRICT

Current Expense of Education CC

District Totals - Date Ending: June 30, 2021

Fund: 11 UNRESTRICTED

FY2020-2021 Actual | FY2020-2021 2021

EXPENDITURES

Major Series	Minor Series	Objects	Actual ECS 84362(a) Instr. Salary Costs (AC 0100-5900,6110)	Actual ECS 84362(b) Instr. Total (AC 0100-6799)	Budget ECS 84362(a) Instr. Salary Costs (AC 0100-5900,6110)	Budget ECS 84362(b) Instr. Total (AC 0100-6799)
Academic Salaries	Instructional Salaries	11xx	13,541,293.13	13,541,293.13	12,880,065.00	12,880,065.00
		13xx	7,552,964.78	7,552,964.78	8,996,986.00	8,996,986.00
		Total	**21,094,257.91**	**21,094,257.91**	**21,877,051.00**	**21,877,051.00**
	Non-Instructional Salaries	12xx		5,457,864.38		5,395,086.00
		14xx		686,425.14		922,683.00
		Total	**0.00**	**6,144,289.52**	**0.00**	**6,317,769.00**
	Total		**21,094,257.91**	**27,238,547.43**	**21,877,051.00**	**28,194,820.00**
Classified Salaries	Instructional Salaries	22xx	1,169,763.99	1,169,763.99	1,064,709.00	1,064,709.00
		Total	**1,169,763.99**	**1,169,763.99**	**1,064,709.00**	**1,064,709.00**
	Non-Instructional Salaries	21xx		13,947,282.12		13,916,887.00
		23xx		397,078.34		627,743.00
		Total	**0.00**	**14,344,360.46**	**0.00**	**14,544,630.00**
	Total		**1,169,763.99**	**15,514,124.45**	**1,064,709.00**	**15,609,339.00**
Employee Benefits	Employee Benefits	3xxx	9,530,655.02	18,359,420.59	11,015,196.00	20,446,651.00
		Total	**9,530,655.02**	**18,359,420.59**	**11,015,196.00**	**20,446,651.00**
	Total		**9,530,655.02**	**18,359,420.59**	**11,015,196.00**	**20,446,651.00**
Supplies and Materials	Supplies and Materials	4xxx		492,932.00		783,150.10
		Total	**0.00**	**492,932.00**	**0.00**	**783,150.10**
	Total		**0.00**	**492,932.00**	**0.00**	**783,150.10**
Other Operating Expenses and Services	Other Operating Expenses and Services	5xxx		6,674,530.64		7,225,075.90
		Total	**0.00**	**6,674,530.64**	**0.00**	**7,225,075.90**
	Total		**0.00**	**6,674,530.64**	**0.00**	**7,225,075.90**
Total			**31,794,676.92**	**68,279,555.11**	**33,956,956.00**	**72,259,036.00**

EXCLUSIONS

Exclusions	Object Totals	Actual ECS 84362(a) Instr. Salary Costs (AC 0100-5900,6110)	Actual ECS 84362(b) Instr. Total (AC 0100-6799)	Budget ECS 84362(a) Instr. Salary Costs (AC 0100-5900,6110)	Budget ECS 84362(b) Instr. Total (AC 0100-6799)

Retiree Benefits 5900 0000 to 5999 9999	3xxx		(79,364.53)		(66,356.00)
	Total	**0.00**	**(79,364.53)**	**0.00**	**(66,356.00)**
Retiree Benefits 6740 0000 to 6740 9999	3xxx		(154,624.91)		(76,523.00)
	Total	**0.00**	**(154,624.91)**	**0.00**	**(76,523.00)**
Rents 0100 0000 to 6799 9999 (Obj 5630)	5xxx		(156,219.97)		(195,152.00)
	Total	**0.00**	**(156,219.97)**	**0.00**	**(195,152.00)**
Lottery Fund 11 (Obj 8681)	86xx-87xx		(2,031,759.66)		(1,757,804.00)
	Total	**0.00**	**(2,031,759.66)**	**0.00**	**(1,757,804.00)**
Total		**0.00**	**(2,421,969.07)**	**0.00**	**(2,095,835.00)**

Total for ECS 84362, 50 Percent Law	**31,794,676.92**	**65,857,586.04**	**33,956,956.00**	**70,163,201.00**
Percentage of CEE	**48.28%**	**100.00%**	**48.40%**	**100.00%**
50 Percent of Current Expense of Education		**32,928,793.02**		**35,081,600.50**
Nonexempted from Second Preceding Fiscal				
Amount Required to be Expended for Salaries and Classroom Instructors		**32,928,793.02**		**35,081,600.50**
Compliance (Non-Compliance)		**(1,134,116.10)**		**(1,124,644.50)**

Data as of 8/15/2021 2:21:46 PM - Report Version 02/26/2013 - Galaxy Direct Reporting

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	As of 8/15/21		**To Get There**	
	31,794,676.92	65,857,586.04	31794676.92	63,587,586.04
	48.28%	32,928,793.02	50.00%	31,793,793.02
		-1,134,116.10		883.90

Appendix B: Classified Salaries Comparison

Salary Schedule for 2021-22							
Sample Positions, Step 1, Column 1	**College of the Desert**	**Sequoias**	**San Luis Obispo**	**Butte**	**Citrus**	**Average**	**Above/ Below Average**
Accounting Technician/Senior Accounting Clerk	48,674	51,792	47,808	50,083	53,578	50,815	-2,141
Administrative Assistant	53,651	48,027	52,776	52,621	62,134	53,890	-239
Admissions and Records Technician	44,139	42,474	42,252	42,149	41,855	42,183	1,956
Clerical Assistant	36,315	40,456	33,012	31,360	35,211	35,010	1,305
Custodian	44,139	39,478	38,280	42,149	37,918	39,456	4,682
Education Advisor/Counseling Technician/Enrollment Coordinator/Admissions Specialist	59,140	51,792	58,248	48,888	57,697	54,156	4,984
Groundskeeper	44,139	40,456	40,224	43,176	43,974	41,957	2,181
Laboratory Technician	48,674	51,792	46,644	46,517	50,996	48,987	-313
Library Specialist	46,340	44,658	46,644	48,888	49,752	47,486	-1,145
Programmer Analyst	75,492	73,070	74,568	88,406	68,584	76,157	-665

*Antelope Valley College was excluded because it is still in negotiations with classified and does not have pay tables for 2021-22.

Appendix C: Exempted Activities Survey

Date: ________________________

Name (First and Last): _____________________________________

Division/Department: ___________________________________

Position Title: ____

Do you currently work in or supervise the activities in any of the following areas? Please estimate the percentage of time that fits within these categories.

COVID-19 Pandemic-Related (Education Code Section 84363): ____________%

6110 Learning Center (Education Code Section 84362): ____________%

A learning center is defined as the specific location set aside for the general student body and faculty to supplement instructional activities and provide educational enrichment for students.

6800 Community Service and Economic Development (Education Code Section 84362): _____________%

This activity is used to record expenditures associated with providing general public services to the community-at-large or to business and special groups within the community. Applicable costs for community services include expenditures for conferences, lecture series, institutes, classes, and recreational activities, as well as the costs of providing facilities for the nonpartisan benefit of the community-at-large. Applicable costs for Economic Development include expenditures for education and services provided to the business community to advance California's economic growth and global competitiveness.

6900 Ancillary Services (Education Code Section 84362): _____________%

These activities include:

- 6910 Bookstores
- 6920 Child Development Center 2
- 6940: Food Services
- 6950: Parking
- 6960: Student and Co-curricular Activities, including athletics and marketing for athletics or co-curricular activities
- 6970: Student Housing
- 6990: Other Ancillary Services, such as student transportation

7000 Administrative and Support Activities (Education Code Section 84362): _______________%

This activity is used to record expenditures within certain operations auxiliary to the regular instructional program, such as the operation of commercial rental property for income, that portion of radio or television station operations beyond that necessary for instruction and instructional services, or certain contract education classes.

Appendix D: Health and Welfare Comparison

	College of the Desert	Antelope Valley College	Sequoias	San Luis Obispo	Butte	Citrus	Average	Above/ Below Average
Health and Welfare Cap	$19,200	$14,500	$18,812	$14,880	$18,262	$24,414	$19,092	$108

Appendix E: Study Agreement

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
October 29, 2021

The Fiscal Crisis & Management Assistance Team (FCMAT), hereinafter referred to as the team, and Desert Community College District (DCCD), hereinafter referred to as the district, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to local educational agencies (LEAs). The district has requested that the team provide for the assignment of professionals to study specific aspects of the district's operations, based on the provisions of Education Code (EC) section 84041. These professionals may include staff of the team, county offices of education, the California Department of Education, school districts, charter schools, community colleges, or private contractors. All work shall be performed in accordance with the terms and conditions of this agreement.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

Conduct an analysis of the district's operational and financial structure with the intent to improve the management of the district's current expense of education. This will include the following:

1) Review and analyze the account code structure and onboarding process
2) Analyze time and effort employment reports for management and professional staff
3) Develop recommendations for improvement, if any

B. Services and Products to be Provided

1) Orientation Meeting — The team will conduct an orientation session at the district to brief district management and supervisory personnel on the team's procedures and on the purpose and schedule of the study.
2) On-site Review — The team will conduct an on-site review at the district office and at college sites if necessary.
3) Exit Meeting — The team will hold an exit meeting at the conclusion of the on-site review to inform the district of significant findings and recommendations to that point.

4) Exit Letter — The team will issue an exit letter approximately 10 days after the exit meeting memorializing the topics discussed in the exit meeting.

5) Draft Report — Electronic copies of a preliminary draft report will be delivered to the district's administration for review and comment.

6) Final Report — Electronic copies of the final study report will be delivered to the district following completion of the review. The final report will be published on the FCMAT website.

3. PROJECT PERSONNEL

The FCMAT study team may include:

A. Michelle Giacomini	***FCMAT Deputy Executive Director***
B. Cambridge West	***FCMAT Community College Consultant***

4. PROJECT COSTS

The cost for studies requested pursuant to EC 42127.8(d)(1) shall be:

A. $1,100 per day for each FCMAT staff member while on site, conducting fieldwork at other locations, preparing or presenting reports, or participating in meetings. The cost of independent consultants will be billed at the actual daily rate for all work performed based on the provisions of EC 84041

B. All out-of-pocket expenses, including travel, meals, lodging, etc. The district will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon acceptance of the final report by the district.

Based on the elements noted in section 2A, the total not-to-exceed cost of the study is $60,000.

C. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT's services are payable to Kern County Superintendent of Schools Administrative Agent, located at 1300 17th Street, City Centre, Bakersfield, CA 93301.

5. RESPONSIBILITIES OF THE DISTRICT

A. The district will provide office and conference room space while on-site reviews are in progress.

B. The district will provide the following (if requested):

1) Policies, regulations and prior reports addressing the study request

2) Current or proposed organizational charts

2

3) Current and two prior years' audit reports

4) Any documents requested on a supplemental list

5) Any documents requested on the supplemental list should be provided to FCMAT in electronic format; if only hard copies are available, they should be scanned by the district and sent to FCMAT in an electronic format.

6) All documents should be provided in advance of fieldwork; any delay in the receipt of the requested documentation may affect the start date and/or completion date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's SharePoint document repository, to which all requested documents shall be uploaded by the district.

C. The district's administration will review a draft copy of the report resulting from the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the team prior to completion of the final report. The final report will be published on the FCMAT website.

6. PROJECT SCHEDULE

The following schedule outlines the planned completion dates for key study milestones and will be established upon the receipt of a signed study agreement:

Orientation:	***To be determined***
Staff Interviews:	***To be determined***
Exit Meeting:	***To be determined***
Draft Report Submitted	***To be determined***
Final Report Submitted:	***To be determined***
Board Presentation	***To be determined***

7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK

FCMAT will begin work as soon as it has assembled an available and appropriate study team consisting of FCMAT staff and independent consultants, taking into consideration other jobs FCMAT has previously undertaken and assignments from the state. The team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the district and any other parties from which, in the team's judgment, it must obtain information. Once the team has completed its fieldwork, it will proceed to prepare a draft report and a final report. Prior to completion of fieldwork, the district may terminate its request for service and will be responsible for all costs incurred by FCMAT to the date of termination under Section 4 (Project Costs). If the district does not provide written notice of termination prior to completion of fieldwork, the team will complete its work and deliver its report and the district will be responsible for the full costs. The district understands and agrees that FCMAT is a state agency and all FCMAT reports are published on the FCMAT website and made available to interested parties in state government. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a report once fieldwork has been completed, and the district shall not request that it do so.

8. **INDEPENDENT CONTRACTOR**

FCMAT is an independent contractor and is not an employee or engaged in any manner with the district. The manner in which FCMAT's services are rendered shall be within its sole control and discretion. FCMAT representatives are not authorized to speak for, represent, or obligate the district in any manner without prior express written authorization from an officer of the district.

9. **INSURANCE**

During the term of this agreement, FCMAT shall maintain liability insurance of not less than $1 million unless otherwise agreed upon in writing by the district, automobile liability insurance in the amount required under California state law, and workers' compensation as required under California state law. Upon request of the district and the receipt of the signed FCMAT study agreement, FCMAT shall provide certificates of insurance, with Desert Community College District named as additional insured, indicating applicable insurance coverages.

10. **HOLD HARMLESS**

FCMAT shall hold the district, its board, officers, agents, and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of FCMAT's board, officers, agents and employees undertaken under this agreement. Conversely, the district shall hold FCMAT, its board, officers, agents, and employees harmless from all suits, claims and liabilities resulting solely from negligent acts or omissions of the district's board, officers, agents and employees undertaken under this agreement.

11. **COVID-19 PANDEMIC**

Because of the existence of COVID-19 and the resulting shelter-at-home orders, local educational agency closures and other related considerations, at FCMAT's sole discretion, the Scope of Work, Project Costs, Responsibilities of the District (Sections I, IV and V herein) and other provisions herein may be revised. Examples of such revisions may include, but not be limited to, the following:

A. Orientation and exit meetings, interviews and other information-gathering activities may be conducted remotely via telephone, videoconferencing, etc. References to on-site work or fieldwork shall be interpreted appropriately given the circumstances.

B. Activities performed remotely that are normally performed in the field shall be billed hourly as provided as if performed in the field (excluding out-of-pocket costs).

C. The district may be relieved of its duty to provide conference and other work area facilities for the team.

12. FORCE MAJEURE

Neither party will be liable for any failure of or delay in the performance of this study agreement due to causes beyond the reasonable control of the party, except for payment obligations by the district.

13. CONTACT PERSON

Name:	John Ramont, Vice President, Administrative Services
Telephone:	(760) 776-7452
E-mail:	jramont@collegeofthedesert.edu

Martha Garcia 11/11/21

Martha Garcia, President Date
Desert Community College District

Michael H. Fine 11/15/21

Michael H. Fine Date
Chief Executive Officer
Fiscal Crisis and Management Assistance Team

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References

1. About Desert Community College District, https://www.collegeofthedesert.edu/about-us/default.php

2. Education Code Section 84362, https://codes.findlaw.com/ca/education-code/edc-sect-84362.html

3. California Community College Budget and Accounting Manual, 2012 Edition, https://www.cccco.edu/-/media/CCCCO-Website/Files/Finance-and-Facilities/budget-and-accounting-manual-2012-edition-ada.ashx

4. California Community Colleges Chancellor's Office CCFS-311 reports, https://misweb.cccco.edu/FiscalPortal/reports.aspx

5. California Community College Data Mart, https://datamart.cccco.edu/Students/Student_Term_Annual_Count.aspx