

# TENTATIVE AGREEMENT

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Gregory Smith    Date  
Acting Chancellor  
San Diego Community College District

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Jim Mahler    Date  
President  
AFT Guild, Local 1931



**SAN DIEGO  
COMMUNITY COLLEGE  
DISTRICT**

## **RESOURCE ALLOCATION FORMULA (RAF)**

**Effective July 1, 2023 through June 30, 2026**

**Includes the following employee groups:**

**AFT Guild, Local 1931 Faculty**  
**AFT Guild, Local 1931 Classified Professionals**  
**AFT Guild, Local 1931 Non-Academic, Non-Classified Employees**  
**ACE – Confidential**  
**Management Association**  
**Police Officers Association**  
**Supervisory & Professional Administrators Association**  
**Executive Management**

## **PURPOSE**

The purpose of this Resource Allocation Formula (RAF) is to provide a clearly defined and equitable method for the allocation of resources to employee units (hereafter referred to as “units”) for economic improvements, provide adequate financial resources to cover districtwide operating cost escalations, and to match available resources to ongoing financial commitments.

From the increase in qualified RAF apportionment funds made available to the employee units each year, which is provided through continuous unrestricted State apportionment revenues (COLA, and Growth, and other), each unit will have general discretion over how its portion of the funds are distributed, provided they are used for improving the compensation or benefit levels of existing programs and services. If a unit wants to implement a new program or service, modify workload, or make changes that negatively impact the percentage of instructional and non-instructional expenses (as defined in the State 50% law calculation) within the unit, the terms and conditions of such changes will have to be negotiated with the District. The funds may also be used to pay for reassigned time for the purpose of union business, at the discretion of the union following past practice, and this new agreement does not impact any contractually stipulated union related reassigned time in effect as of July 1, 2023. As in past practice, faculty reassigned time will be paid for at the contract rate where a contract replacement is made and at the adjunct or hourly rate when the release time is filled with one or more adjunct or hourly staff. It is the District’s discretion as to how reassigned time replacements are filled.

## **Basic Principles and Formulas**

### **OVERVIEW**

Community college funding can be categorized broadly as General Fund Unrestricted (general purpose) and General Fund Restricted. For Unrestricted general purpose funds, an important funding source distinction is between continuing (on-going) and one-time-only resources. Whereas with Restricted funds the nature/source of the revenue defines or limits the type of expenditures that can be funded.

Should other new State apportionment or local continuous unrestricted revenues become available during the period covered by this RAF agreement as a result of changes in State or local legislated funding regulations, these new revenue source(s) shall be subject to these RAF distribution rules and calculations.

These RAF calculations are only applicable to the Unrestricted General Fund; therefore, they will not address General Fund Restricted revenue other than to state that the District should exercise caution when making ongoing commitments against Restricted funds based upon the funding terms and conditions which will become permanent by application of the annual provisions of this RAF.

The parties will endeavor to finalize the calculations below prior to October 31 of each fiscal year.

### **I HEALTHCARE COVERAGE**

New revenues available to the employee units shall be applied to cover the full cost of the premiums for the Kaiser, Delta Dental, and Vision Service Plans effective January 1 of each fiscal year. If new revenues are insufficient to fully cover an increase to the rates in any year during the term of this agreement, the District shall cover the full cost of the increase.

The change in costs of medical, dental, and vision insurance premiums shall be included in the calculation of expenses as described in section III.B below in the 3000 object codes and any increase in expenses deducted from the revenue available for distribution to the units.

This provision shall expire on June 30, 2026. If a new RAF Agreement has not been reached as of June 30, 2026, any increase in the premium rates effective January 1, 2027 or after will be paid by bargaining unit members through payroll deductions until a successor RAF or other bargaining agreement is reached by the parties.

### **II DISTRIBUTION OF NEW CONTINUING RESOURCES**

New continuous revenue is defined as revenue which exceeds the apportionment received for the preceding year. Currently, as per the State Principal Apportionment Reports published by the State Chancellor's Office, the primary sources of new continuing unrestricted funds are COLA, base allocation increases, and growth.

New continuous resources shall be distributed effective January 1 of each fiscal year.

New continuing revenues as defined in this RAF are split 85% to the employee units and 15% to the District. The proportionate share calculation takes the 85% of new continuous unrestricted State apportionment revenues, deducts ongoing financial commitments, and then distributes a proportionate share to each individual bargaining or meet and confer unit.

### **A Revenues**

New continuing revenues for distribution on January 1<sup>st</sup> of each fiscal year will consist of two components:

- 1) The COLA in the enacted State budget and reflected in the “advance” apportionment report for the current fiscal year;
- 2) Any difference between the total revenue from two years prior, as calculated from #1 above, and the revenue as reflected for that fiscal year two years prior on the “Apportionment Recalc” report which is normally published in February or March.

*Example: January 1, 2024 distribution would be based on revenue from:*

- 1) COLA in the enacted State budget for fiscal year 2023-2024 and reflected in the “Advance” apportionment report for the 2023-2024 fiscal year.
- 2) Any difference in revenue as reported on the “Apportionment Recalc” report published in February or March 2023 for fiscal year 2021-2022 and the COLA revenue from #1 above which was recognized as of January 1<sup>st</sup> for fiscal year 2021-2022.

### **B Expenses**

Expenses to be charged against these revenues for distribution on January 1<sup>st</sup> of each fiscal year will consist of the following components:

- 1) The difference in actual compensation expenses included in the 1000, 2000, and 3000 object codes from the prior fiscal year compared to the previous fiscal year.

The actual (unaudited) compensation expenses of the previous fiscal year, as of the annual closing of the books, will be used to verify actual compensation expenses for that year. Any significant changes to the actual audited compensation expenditures will be considered in the next year’s RAF calculations. For the year prior, the audited report shall be used. If a dispute arises, the final independent audit report shall be utilized as a source document.

- 2) The cost of the added expense to offer additional sections to earn State funded growth FTES per the growth percentage allocation included in the enacted State budget. This cost will be determined based on a productivity ratio of 17.5 FTES/FTEF per semester for sections at City, Mesa, and Miramar Colleges. The cost will be determined based on a productivity ratio of 25 FTES/FTEF per semester for sections at Continuing Education. The average cost per FTEF will be based on the most recent adjunct/overload faculty actual salary plus mandated benefits cost. Costs to achieve growth in excess of the statewide growth allocation will be funded from the District’s 15% share of the RAF or from one-time District resources.

- 3) The net cost to convert an adjunct position to a full-time faculty position in order for the District to meet any increase in the required “Full-time Faculty Obligation (FON),” as mandated by the State Chancellor’s office.

### **C Reconciliations**

A Credit will need to be applied to re-cover the costs from:

- 1) Any RAF distributions made during the prior fiscal year.
- 2) Any new expenses incurred from a net increase in funded positions not listed above in sections B 2 or B 3. Net increase is determined by subtracting the projected value of all new funded positions approved by the Board during the prior fiscal year from the projected value of deleted funded positions. If the result is a positive number, the actual costs of the new positions incurred during the fiscal year is deducted from the expenses calculated in B.
- 3) Resources received from the State to offset any mandated cost the District had to absorb in the 1000, 2000, 3000 object codes, exclusive of adjunct healthcare reimbursements.
- 4) FTEF expenses that exceed the funded State growth percentage based on the formula in B 2 above.

#### **IV DISTRIBUTION OF ONE-TIME RESOURCES**

A one-time, off-schedule payment shall be made equivalent to the final percentage as calculated above in Section III applied to each employee's gross earnings from the period July 1<sup>st</sup> through December 31<sup>st</sup> and will be paid as part of the March 31<sup>st</sup> / April 10<sup>th</sup> payroll cycles. Only individuals employed by the District on December 1<sup>st</sup> of the current academic year shall be eligible to receive the one-time payment.

*Example: the one-time, off-schedule payment for the 2024-2025 academic year would be paid on March 31/April 10, 2025, based on gross earnings from July 1, 2024 through December 31, 2024, for all individuals employed by the District on December 1, 2024.*

#### **V Salary Equity**

Any resource identified by a bargaining or meet and confer unit subject to this RAF used to increase the salary schedule of its contract employees must be administered in an equal percentage to every range and step on the salary schedule. Differential percentage increases applied to particular salary steps shall not be allowed. Elimination of salary steps in their entirety shall be allowed.

Additional steps may be added to the adjunct faculty salary schedule until the schedule reaches pro-rata parity with the contract faculty salary schedule.

Additional steps may be added to the NANCE salary schedule until the schedule reaches pro-rata parity with the classified staff salary schedule.

If an exclusive representative represents more than one bargaining unit, that representative may transfer funds among the units under its jurisdiction, provided that transfer does not impact the District's ability to meet its 50% law obligation.

#### **VI Reduction to Continuous Revenue**

Sections II through V will only be fully operative when the District's general fund unrestricted ending fund balance is at least 12% (twelve percent) of the total General Fund Unrestricted operating actual expenses as of June 30 of the previous fiscal year. This amount will be

determined by dividing the “Ending Fund Balance, June 30” by the “Total Expenditures” based on the Actual figures reported to the State on the District’s Annual Financial and Budget Report, commonly known as the “Annual 311 Report,” for Unrestricted Subfund 11. If the GFU ending fund balance is below 12% the parties shall meet to negotiate a means to mitigate the shortfall. If the parties are unable to reach agreement sections II through V shall not be operative. If the State imposes permanent reductions to continuous revenue, such as a negative COLA, a workload reduction, or other continuous revenue reduction, the loss in revenue will result in a reduction of compensation or revenue provided to each employee unit if the parties are not able to reach agreement on other means to mitigate the shortfall. The reduction will take place in the fiscal year the reduction is implemented, if known and if there is sufficient time to implement the change prior to January 1, or the following year if the change is communicated too late in the fiscal year. The level of reduction for each unit will be based on the same 85/15% formula share as is used to allocate the revenue under this RAF agreement.

If the total of the unit’s share of 85% of continuous unrestricted revenues does not cover the increase in inflationary costs as defined in “Distribution of New Continuing Resources,” section III of this RAF, then reductions will take place in the fiscal year the reduction is implemented, and the level of reduction for each unit will be based on the same 85/15% formula share as used to allocate the revenue under this RAF agreement.

Once such a reduction in continuous revenue is confirmed, and/or if the revenue from continuous unrestricted revenue does not cover the increased inflationary costs, the District will formally notify each unit, in writing, about the cause of the reduction, and provide each unit their pro-rata share to be applied. The District will negotiate with each unit represented by an exclusive representative, and will meet and confer with each unrepresented unit, regarding how the reduction will impact the unit and be implemented.

If an agreement as to how the reduction goal is to be met is not finalized and approved within 90 days of the notification by the District to the employee unit, the District may implement the required reductions at its discretion.

If the State restores a prior reduction to continuous revenue, or any portion thereof, and that previous reduction had resulted in a reduction to an employee unit, any funding lost by the unit will be restored on a pro-rata basis to each unit prospectively. For example, if 50% of the funding loss is restored, 50% of each unit’s share of the reductions will be restored to the unit to be utilized at each unit’s discretion.

## **VII Changes in Funding Formulas for Community Colleges**

Should the funding formulas for community colleges change substantially, which negatively effects the GFU revenue of the District and the application of the provisions of this RAF, the District reserves the right to immediately suspend provisions of this RAF agreement during the year the change is effective and re-open negotiations with the units represented by an exclusive representative and meet and confer with the unrepresented units to modify this RAF accordingly to conform with the new State funding formula.

## **VIII Term of Agreement**

Absent a written mutual agreement between the parties, this RAF Agreement shall expire and sunset effective June 30, 2026. The parties mutually agree that upon expiration compensation

levels then in effect shall become the status quo, exclusive of any remaining distributions or reductions from this current agreement which had not yet been applied to compensation. Any increases in revenues that were not distributed from the 2025-2026 fiscal year will be distributed to the employee units within 90 days of the publication of the 2025-2026 recalculation report in early spring, 2027.