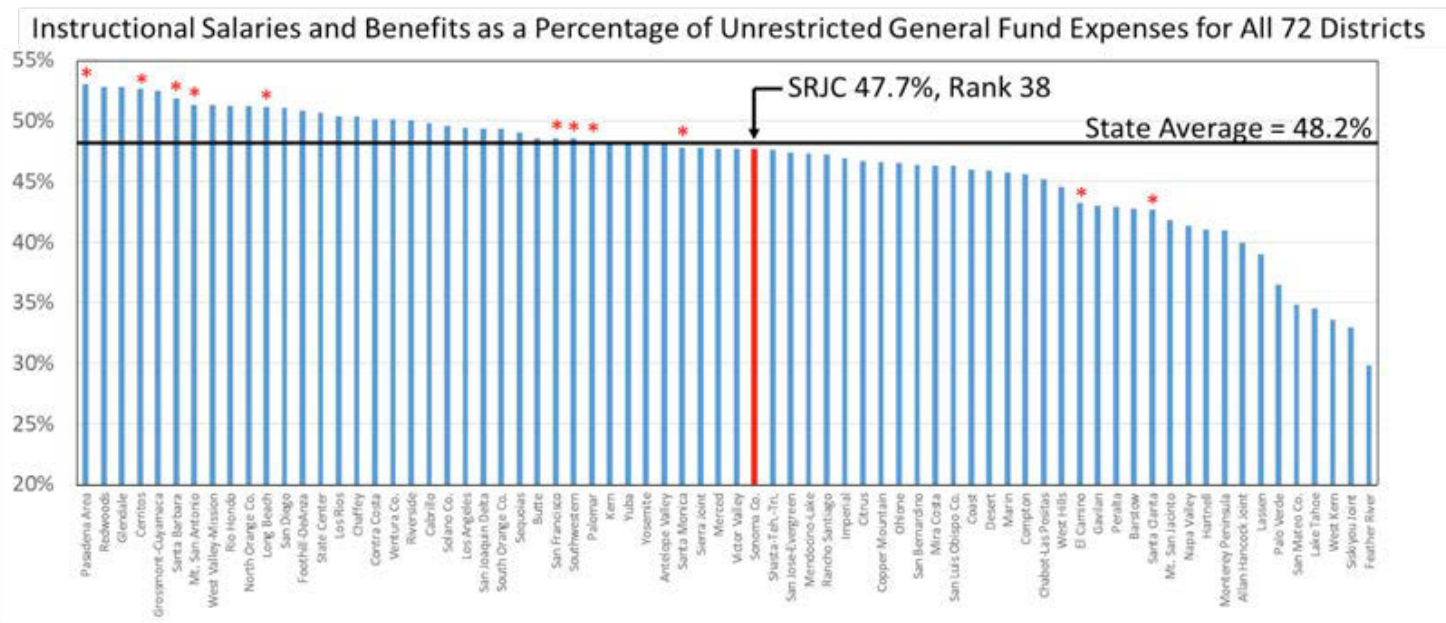


# AFA Analysis of the Sonoma County Junior College District's Finances, Part 1

The primary reason AFA and the District are at impasse is the **Rank 10 formula**, which has determined SRJC faculty salaries for the last four decades. Over the years and at the District's request, AFA has agreed to reasonable changes in that methodology. Those changes have resulted in a current ranking of approximately 17th in the State for SRJC contract faculty salaries. AFA has also agreed to suspend Rank 10 in times of crisis. **But the District now seeks to end Rank 10 permanently**, which led AFA to analyze the District's data to see whether Rank 10 is creating a crisis now. This is Part 1 of AFA's analysis.

One question is whether Rank 10 yields total faculty compensation that unduly burdens SRJC's budget when compared with other districts. While actual total costs of all faculty members at all districts are difficult to determine and compare, we do have all districts' instructional cost data, which include instructional faculty and instructional staff. The data for this measure is useful as **it represents more than 90% of all faculty**.

To determine and compare the percentage of each district's budget spent on instructional compensation, we divide each district's instructional compensation cost by its unrestricted budget expense.<sup>[1]</sup> The chart below shows each district's percentage instructional compensation costs for 2016-17, from highest to lowest. **SRJC is the red bar**. Despite the Rank 10 methodology, the percentage of SRJC's unrestricted general fund devoted to instructional compensation is at **rank 38**, just below the state average. (The red asterisks indicate the districts used in the recent management salary survey, and we have added them because of faculty interest in that salary survey.)



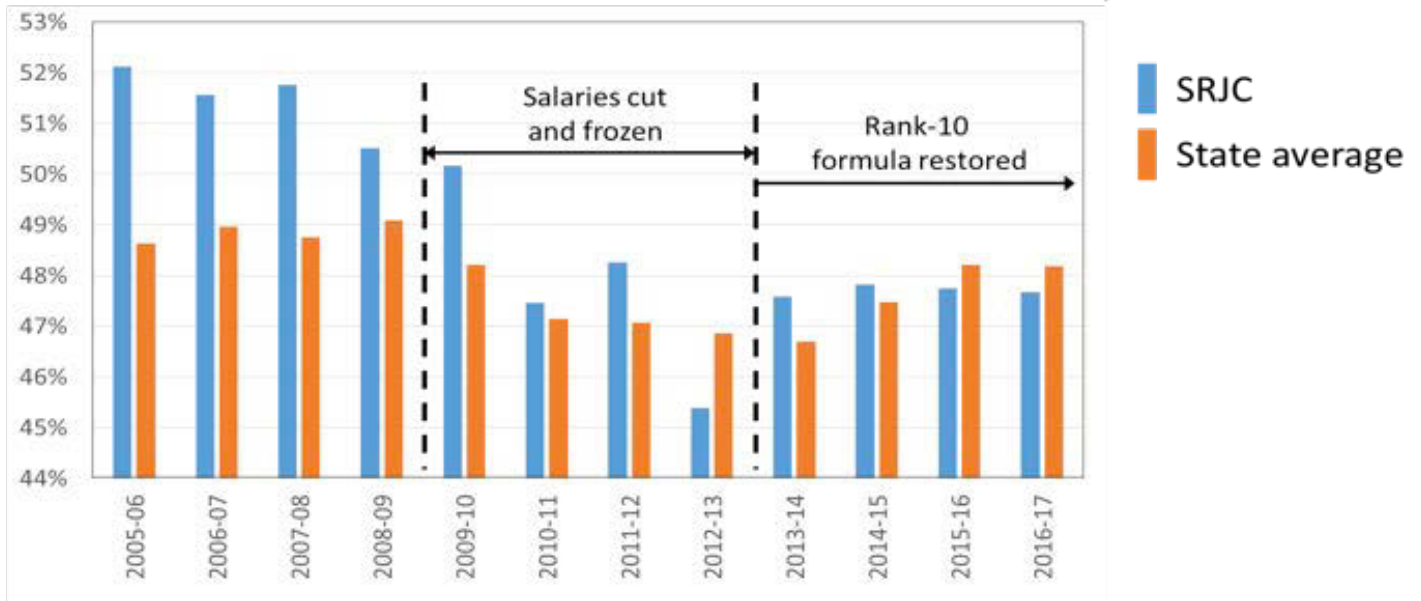
Instructional compensation costs are an imperfect measure of all faculty compensation costs, as we noted above, so we looked at **four other measures** of the cost of faculty compensation. Table 1 provides a summary of those metrics. The data in the table confirm what we see in the graph: **faculty compensation costs for our District are not high relative to other districts or the state average.**

**Table 1. 2016-17 measures of faculty compensation costs at our District vs. state averages.<sup>1,2</sup>**

	SRJC	Average	Rank
Academic salaries as a percent of total salaries (unrestricted fund only)	66.7%	67.6%	42
50-percent-law compliance calculation	51.19%	52.58%	52
Instructional compensation per full-time equivalent student (FTES)	\$2,970	\$3,076	35
Academic salaries per FTES	\$2,768	\$2,696	23

We also wanted to determine whether the faculty compensation portion of our District’s budget has grown over time; if it has, that could explain the District’s claims that the cost of Rank 10 is too high and is unsustainable. What we found, however, was not that faculty compensation as a portion of the District’s budget has grown *but that it has actually fallen 4.4% over the last 12 years*. It was once well above the state average, and now it’s just below. In the chart below, the bars represent the percentage cost of instructional compensation each year, with blue for SRJC and orange for the state average.<sup>1</sup>

**Instructional Salaries Plus Benefits as a Percent of Unrestricted General Fund Expense**



As with the cross-district comparison, however, we don’t rely on a single metric. Changes in two other measures of faculty compensation percent are given in Table 2, and both confirm the downtrend.

**Table 2. Change from 2005-06 to 2016-17 in the percentage cost of faculty compensation at SRJC.<sup>1,2</sup>**

Instructional salaries and benefits as a percent of unrestricted expense (chart)	<b>-4.4%</b>
Academic salaries as a percent of total salaries in the unrestricted general fund	<b>-5.2%</b>
50-percent-law compliance calculation	<b>-2.8%</b>

What we see here is **good news for the District**. Our faculty compensation percentage is now at about the state average, even with “Rank 10,” and the downtrend has provided the District a multi-year opportunity to build reserves. We conclude that **“Rank 10” has not driven the budget into crisis**, leading us to question the need to end it. We look forward to sharing more of our analysis soon.

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<sup>[1]</sup> Instructional salaries and benefits are from Sheet 30 of [CCFS-311 annual financial reports](#) (Activity codes 100-5900). Unrestricted general fund expense is from the “Total Expenditures” line on sheet 37 of the CCFS-311 reports.

<sup>[2]</sup> Instructional compensation, academic salaries and the 50% law compliance data are from CCFS-311 reports, and from annual [fiscal data abstracts](#) for the state. FTES is from [apportionment reports](#) and includes stabilization FTES.