SAN DIEGO COMMUNITY COLLEGE DISTRICT

RESOURCE ALLOCATION FORMULA (RAF)

FOR

COLLECTIVE BARGAINING

Effective July 1, 2011 through June 30, 2014

Offered to the following units:

AFT FACULTY
AFT CLASSIFIED STAFF

PURPOSE

The purpose of this Resource Allocation Formula (RAF) is to provide a clearly defined method for the allocation of resources to employee units, to cover the operating costs of the District, and to match available resources to financial commitments. In developing the RAF, the parties took into consideration priorities such as, but not limited to, the following:

- Provide for salary and benefit improvements for its employees.
- Base economic improvements for employee units on actual revenue received from COLA and Growth, and provide a pre-determined mechanism to be responsive to reductions in continuous revenue.
- Provide resources to maintain a competitive position in the market and support the recruitment and retention of employees.
- Establish and fund FTES per FTEF productivity ratios that protect Base FTES funding and promote FTES growth to maximize continuous revenue.
- Provide resources to cover the inflationary costs and commitments made via employee agreements, legal mandates, and services and operating expenses.
- The reduction of reliance on one-time funds (ending balances) to balance the annual budget and avoid deficit spending.
- Provide funding to cover the increased continuous costs related to new and expanded facilities provided through the use of Proposition S and Proposition N funds.
- Balance expenses between instructional costs and non-instructional costs to be in compliance with the 50% law.
- Maintain adequate reserves for cash flow, self insurance retentions, deficit factors applied to revenue, and emergencies to avoid borrowing of funds.

The RAF has also been designed to allocate resources responsibly, and in such a manner as to avoid budget reductions, hiring freezes, and/or reductions in programs and services to be able to balance the annual budget.

From the increase in qualified RAF apportionment funds made available to the employee units each year, which is typically provided through a COLA adjustment and Growth, each unit will have general discretion over how its portion of these funds are distributed following past practices, provided they are used for improving the compensation or benefit levels of existing programs and services. 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 existing union related reassigned time that was in effect as of July 1, 2008. In addition, if any new reassigned time is created that equals or exceeds 1.0 FTE/FTEF, the cost of such reassigned time for union business shall be based on the replacement for the position(s) based on the level of FTE or FTEF reassigned time. 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 a reassigned time replacement is filled. If a bargaining unit wants to implement a new program or service, modify workload, or make changes that negatively impact the percent of instructional and non-instructional expenses (as defined in the State 50% calculation) within the unit, the terms and conditions of such changes will have to be negotiated with the District.

Basic Principles and Formulas

OVERVIEW

A key element in the development of the budget is ensuring that financial commitments are matched against the supporting resources. Community college funding can be categorized broadly as general purpose (General Fund Unrestricted) and categorical (General Fund Restricted). This RAF will not address categorical fund revenue other than to state that the District should exercise caution when making ongoing commitments against categorical funds based upon the funding terms and conditions. For general purpose funds, the important funding source distinction is between continuing (ongoing) and one-time-only resources. The nature of the revenue establishes or limits the type of expenditure that can be funded.

Focusing on general purpose, the District makes ongoing commitments against continuing funds. Each year the total commitment of continuing funding becomes the base appropriation level for the following year. These types of appropriations include regular positions and related mandated benefits, utilities, maintenance of facilities and equipment, and other operational expenditures required for the operation of the District. The level of revenues required to fund this level of commitments is referred to as the District's base revenues. These are revenues that are reasonably expected to continue and consist primarily of State general apportionment, property tax revenues and enrollment fees, which are commonly referred to as "Apportionment Revenue". Other revenue sources supporting annual costs include lottery, nonresident tuition, and interest income. However, the annual level of revenue for these sources is less certain so the parties have agreed on a minimum level of $10,754,411 for these areas, which represents the total base for these one-time resources. Revenues above the base level are treated as one-time-only and are part of the one-time only annual RAF distribution to employee units.

Once a resource has been directed toward a continuing cost, the budgeting for that resource becomes routine and on-going. The area where the most emphasis in budget development occurs then is on new revenues. New revenues can be either continuing or one-time-only in nature. Budget development focuses on projecting the level and nature of new revenues. Then, using established formulas, as outlined in this RAF agreement, the new resources are distributed to the participating units.

NEW RESOURCES - CONTINUING

New resources are those defined as those which exceed the base apportionment level for the current year. The two primary sources of new continuing funds are COLA and Growth. The annual State budget usually includes a COLA line item recognizing that maintaining even the base level of operations increases each year simply due to price increases associated with the procurement of goods and services including wage and benefit related costs. The COLA is stated as a percentage of the District's base funding level, which is then improved by that percentage increase without regard to any other requirements.

Growth funds are another primary component in the annual State budget. Growth funds are provided to compensate districts for the costs to grow as measured by the increase in the number of instructional hours provided to students (FTES). Growth funds are limited. Each year, districts receive a growth rate currently based upon the change in adult population and number of high school graduates in its service area. These two factors are blended and become the funded rate.

NEW RESOURCES - ONE-TIME-ONLY

The District's Lottery, Non-Resident Tuition, and Interest revenues are the primary sources of one-time only funds. Each of these resources has an established level that supports continuing appropriations. The one-time-only portion of these resources, subject to distribution to participating units under this RAF agreement is the amount received above the base level of $10,754,411.

FORMULAS FOR DISTRIBUTION OF NEW RESOURCES

The first formula applied to new resources is the initial distribution to the employee units and the District. The new continuing resources defined above are split 85% to the employee units and 15% to the District, and for one-time resources, the split is 80% to employee units and 20% to the District. The naming convention is generally the 85% / 15% split for continuing revenue and 80% / 20% split for one-time revenue. The proportionate share calculation takes the 85% of new continuing funding from COLA and Growth, and 80% of one-time funds, and set them aside before financial commitments are deducted and distributions are made to individual units.

Instructional Staffing

An initial deduction is for instructional staff (FTEF), which is the primary cost related to maintaining Base FTES, and the added expense to teach additional sections to earn Growth FTES.

The District funds instructional staffing levels, defined in terms of FTEF, based on prior year earned FTES. The FTEF funding level is identified in the annual Budget Model and is based on established FTES/FTEF productivity ratios, as defined in this RAF agreement. Any additional instructional FTEF required to achieve funded Growth is allocated to the colleges as adjunct or overload using the growth and productivity funding ratios also identified in the RAF agreement. The colleges then further distribute the FTEF based upon the individual college's department and program goals.

Full-Time Faculty Positions

The District is required to grow its credit full-time faculty to meet its Full-time Faculty Obligation (FON), per Title 5 regulations. As this is a cost directly related to growth, the District charges Growth funds for the number of regular full-time faculty required for compliance. The cost for each position, deducted from the 85% unit's share of RAF funds, is the net cost to convert an adjunct position to a regular position. All faculty positions, such as professors, counselors, librarians, are eligible to be funded.

Another factor related to faculty is the ratio known as the full-time to part-time or 75:25. Annually, the District reports its ratio of full-time faculty to part-time faculty. The statewide goal is for all districts to have 75% of faculty staffing be regular (full-time) positions. Very few districts are near the goal as funding has never been provided to aid districts in improving their ratio. There is currently no compliance requirement for 75:25 other then the Full-time faculty obligation described above. The obligation is a means to at least maintain district ratios until, if ever, there is funding to support increased regular positions.

Classified Positions

There is no direct or mandated computation to quantify the number of classified positions required to support the added demands associated with student growth, or to support existing programs and services. However, recognizing the need exists, due to the demands of new facilities such as those funded through Prop S & N, as well as other workload requirements, there is a provision in this RAF that addresses funding for additional classified positions. The formula allows for a maximum number of new positions, based on the current total number of funded classified FTE and academic FTEF times the funded growth rate percentage. The number of FTE and FTEF is multiplied by a vacancy rate cost and deducted from the unit's share of growth funds.

Management Positions

The unit's 85% share of Growth funds cannot be used for new management positions. Management positions are funded from the District's 15% share of the RAF dollars.

Distribution of Funds

Once the cost of all new positions have been identified, other inflationary costs related to employee agreements, health benefits, and legal mandates are calculated and deducted from the unit's 85% share of RAF funds. These costs include salary and benefit costs for step, column and classification advances and changes; mandated payroll deductions; health, dental and vision premium increases for all participating employees; and the FTEF replacement costs if FTES is rolled back from summer classes to meet Base FTES and Growth goals.

COLA & GROWTH

New COLA revenue is tied to Base FTES funding, and as "Restoration" provisions protect current year base revenue (excluding deficit factors), it is relatively safe to make financial decisions based on COLA revenue and distribute the funds as part of the RAF agreement during the current year. The use of continuous revenue by the units and all related costs are effective January 1 of each fiscal year and are applied to the calendar year January through December.

However, serious thought and discussion needs to take place each year before continuous commitments are made with Growth funds. Oftentimes, revenue from growth is not known until late in the year following the year growth is earned. Therefore, if projected growth revenue is distributed in the current year (e.g. salary schedules are increased), and the growth revenue does not materialize or is not earned, this could lead to a significant negative adjustment to the following year's RAF distributions. The best approach would be to assume a conservative level of growth revenue for distribution purposes, based on the Advanced Apportionment report, which is usually distributed in June of each year, and make the necessary adjustment to RAF revenue the following year(s). If, however, an over-distribution of growth revenue is made in any given year, there are two (2) options available:

1. If the state is funding growth at a higher level than what the District earned, FTES can be rolled back from summer to meet the level of growth revenue distributed through the RAF. This approach will negatively impact the following year's RAF funds as the cost of replacing the rolled FTES (and related FTEF) will be deducted from the following year's RAF funds.

2. If it is determined that the increased FTES level from growth is not sustainable in future years, and rolling back summer FTES will make it difficult to maintain such a high level of Base FTES, the over-distribution of growth revenue can be handled as an adjustment to RAF funds in the following year.

RAF Funding Formulas, Details and Worksheets

The following pages provide the RAF revenue and cost related flow charts, RAF details, funding formulas, and cost-out worksheets.

San Diego Community College District

RESOURCE ALLOCATION FORMULA (RAF)

A. Shared Revenue (85/15 Split)

1. To Be Utilized for Continuous Costs (85/15 Split)

   1.1 85% of Growth to Units

   1.2 85% of COLA to Units

2. To Be Utilized for One-Time Purposes Only (80/20 Split)

   - 80% of GFU revenue received from Lottery, Interest, and Non-Resident Tuition that exceeds $10,754,411 which is established as the base level of revenue from these sources, shall be distributed to the Units.

B. Excluded Revenue/Funding Sources

Revenue shared under this RAF agreement is only from General Fund Unrestricted (GFU) sources, and excludes categorical funds, state apprenticeship, and other restricted or designated revenue.

C. Other (New) Unrestricted Revenue

Should other new State unrestricted revenues become available during the period covered by this RAF agreement as a result of changes in funding legislation, such new revenue source(s) shall be subject to negotiations. The District shall notify each unit of such new unrestricted revenues which are subject to further negotiations.

D. Percent Distribution of Resources

1. The distribution of RAF resources to the units shall be calculated using the same percent formula used in the previous RAF, which was based on prior year actuals (July 1 – June 30) for salaries and 100% of mandated benefits for each Unit.

E. Use of Resources

1. Before distribution to the units, the 85% of COLA and Growth revenue is reduced for the following costs:

    1.1 New Contract Faculty Positions (See Worksheet #5)

    1.1.1 Classroom contract positions at actual increased cost to fill for one (1) year;

    1.1.2 Non-classroom contract positions at actual cost to fill for one (1) year;

    1.1.3 Classroom and non-classroom actual costs for additional 11 or 12 month assignments created from existing 10-month assignments.

    1.2 Additional adjunct classroom faculty FTEF, due to projected funding for Growth and Restoration FTES, based on the formulas in the Budget Model as follows: (See Worksheet #6)

    1.2.1 In the campus allocation Budget Model, the "Base" funding for classroom faculty FTEF will be based on the following productivity factors, applied to "Total Prior Year Earned FTES" (see Section "a.FTES" in the Budget Model):

Credit:	17.00 FTES/FTEF per semester
	34.00 FTES/FTEF per year
Non-Credit:	15.75 FTES/FTEF per semester
	31.50 FTES/FTEF per year

    1.2.2 Each new year, the classroom FTEF base in the Budget Model is adjusted to provide funding to be able to earn all available Growth and Restoration FTES that will be funded by the State. The net increase in FTEF costs charged to the Units in order to provide funding for Growth and Restoration will be calculated as follows: (See Worksheet #6)

Total Available State Funded FTES= Restoration FTES + Growth FTES + Budget Model Funded FTES

1.2.3 Once the classroom FTEF in the Budget Model has been adjusted based on prior year's total earned FTES, the cost of Growth and Restoration classroom FTEF will be deducted from the Unit's 85% share of the RAF based on the following productivity factors: (See Worksheet #6)

Credit:	16.00 FTES/FTEF per semester 32.00 FTES/FTEF per year
Non-Credit:	14.75 FTES/FTEF per semester 29.50 FTES/FTEF per year

1.2.4 Any funded classroom FTEF above the productivity factors for Base, Growth, and Restoration will be funded from the District's 15% share of the RAF or from one-time District resources.

1.3 Classified contract positions at actual cost to fill for one (1) year;

1.4 Increases to salary and benefit costs for column, class, step, reassigned time, ESU's, Pro-rata, and other salary related changes;

1.5 Increases to mandated payroll deductions (e.g. PERS and STRS, worker's compensation; unemployment, social security, etc.);

1.6 Legal mandated increases to continuous costs (less reimbursements);

1.7 Premium increases for health (at the Kaiser composite rate), dental and vision benefits for all participating district employees;

1.8 If, in any given year, the District does not achieve sufficient FTES to maintain the funded Base FTES, Restoration FTES, and funded Growth FTES, at the District's option, FTES may be "rolled back" from summer session. The cost of the rolled back FTES will be based on the credit growth productivity ratio of 16.00 FTES per FTEF times the salary and benefit rate in the Budget Model for adjuncts (e.g. Utilizing the 2010-11 Budget Model, if 100 FTES is rolled back from summer 2011 to meet the 2010-11 Base and Growth FTES goals, the cost would be 100 FTES/16.00 x $19,853 = $124,081). These funds would then be used to supplement additional class section FTEF in the following year by adding them under the "Adjustments to Formula" section of the Budget Model. (See Worksheet #2)

1.9 If total of unit's 85% share of COLA and Growth combined does not cover expenses <u>charged to COLA</u>, then the "Trombone Clause" goes into effect.

2. Increased costs for new management positions to come from District's 15% share of funds.

3. Each unit's share of GFU revenue for Lottery, Interest, and Non-Resident Tuition that exceeds $10,754,411 during any fiscal year, shall be distributed based on their percent per the formula. These funds can only be used for one-time purposes and/or added as one-time adjustments to discretionary funds. These funds will be distributed no later than October of the following fiscal year. After the "books are closed" each year, upon requests from the Units, a special revenue report will be provided to verify the exact revenue received for each one-time category included as part of the RAF agreement. (See Worksheet #1)

F. Annual Column and Step Advances

All units participating in this RAF agreement agree to amend their current contract language related to annual column and step advances, which are based on either anniversary dates of hire or a fixed date each year, to state that such column and step advances are to be implemented annually on January 1, for 11 & 12 month contract employees, and on February 1, for 10-month College and CE contract faculty (50% of the annual number of paychecks). This does not affect step increases due to educational advancement provisions of employee agreements, nor does it impact salary advancement provisions for adjunct faculty that are based on total hours worked (e.g. Schedules "B" and "C" of the AFT-College Faculty Agreement). The respective employee agreements would also need to be amended to include a clause indicating that employees hired before June 30 will have their first salary advance the next January 1 (February 1 for 10-month contract faculty) following their hire date. Those initially hired, with start dates between July 1 and December 31 will have their first salary advance on the second January 1 (February 1 for 10-month contract faculty) following their hire date.

G. Time Period for Salary Schedule Changes and Other Continuous Costs

Each Unit's 85% share of RAF dollars, which are used for salary schedule adjustments and other continuous economic improvements, will be effective for the period January 1 of the current fiscal year through December 31 of the following fiscal year.

H. One-Time Revenue

Each year, the Unit's 80% share of one-time revenue shall be adjusted as follows:

1. If the state imposes non-continuous deficit factors or other one-time revenue reductions to the General Fund Unrestricted revenue, that amount shall be deducted from the Unit's one-time funds for that year. If, however, the base funding level of $10,754,411 for one-time resources is not earned by the District and the Units do not receive any one-time funds, the District shall absorb the loss in revenue from its resources.

2. The balance of the one-time funds, from the fiscal year ending June 30, shall be distributed to each unit based on the same percentage as their share of RAF dollars. These funds will be distributed, no later than October of the following fiscal year. These funds may only be used for one-time purposes such as off-schedule salary payments or discretionary expenses.

I. Trombone Clause

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. The reduction will take place in the fiscal year the reduction is implemented, if known and 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% COLA and 85% of Growth does not cover the increase in costs charged to COLA (i.e. salary and benefit costs for column, step and class advances; increases to mandated payroll deductions; increases due to health and welfare premium increases for all participating employees; cost of FTES rolled back from summer to meet Base and Growth FTES goals; and bargaining agreement requirements; excluding the cost for new positions), 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 COLA and Growth does not cover the increased costs charged to COLA, the District will formally notify each unit, in writing, about the cause of the reduction, and each unit's pro-rata share of the reduction. The District and each unit will negotiate 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 specific 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. 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 and utilized at each unit's discretion.

J. Cost Out Methodologies and Source Documents

1. State Reference Document
   The State apportionment document commonly referred to as "Exhibit C" or "Exhibit E", will be used to verify "actuals" for the areas listed below. Final figures for the previous year are typically included in the "Recalculation" worksheet, and those figures will be used to verify COLA, Growth, Restoration, and Deficit Factors.

   1.1 COLA – This is typically found under Section "II Inflation Adjustment".
   1.2 Growth – This is typically found under Section "IV Growth".
   1.3 Restoration –This is typically found under Section "III Basic Allocation & Restoration".
   1.4 Deficit Factors – This is typically found under either or both Section "V Other Revenues Adjustment" and/or "Total Computational Revenue".

2. Column, Class, Step and Salary Related Inflation Costs

   2.1 Only positions approved to be charged to the General Fund/Unrestricted (GFU) budget, plus Bookstore and Food Service positions, will be used for RAF calculations (Restricted funds cover increases from their restricted sources for salary and related mandated benefit increases).
   2.2 Costs are calculated by comparing the change from the prior year's actual budgeted salary placement, including all additives, stipends, etc., which are included in the Position Database maintained by the Business Services Budget Department, and final placement as of 6/30 of each year, to the new year's actual budgeted salary placement. Only positions funded in the new year are used in the calculations, and all salary and related mandated benefit costs are included and charged to the Unit's 85% share (see Worksheet #3A).
   2.3 Increased costs due to mandated benefit changes include areas such as:

      2.3.1 Salary
      2.3.2 STRS & PERS
      2.3.3 Worker's Compensation
      2.3.4 Long Term Disability
      2.3.5 Medicare
      2.3.6 Unemployment Insurance
      2.3.7 FICA (Social Security)

      The cost of mandated benefits charged to the Unit's 85% share of the RAF will be based only on rates that have been officially changed.

   2.4 Increased Health and Welfare costs include areas such as:

      2.4.1 Health (at Kaiser composite rate);
      2.4.2 Dental
      2.4.3 Vision
      2.4.4 Life insurance
      2.4.5 Retiree health benefits

2.5 Other salary related inflation costs include items such as:

- 2.5.1 Adjunct and overload funding changes (Budget Model)
- 2.5.2 Substitute funding changes (Budget Model)
- 2.5.3 Department Chair additives, ESU's, reassigned time (Budget Model)
- 2.5.4 Pro-rata cost increases (Budget Model)
- 2.5.5 Shift differentials (Position Database)
- 2.5.6 Out-of-class pay (Position Database)
- 2.5.7 Newly created 11 and 12 month contracts (Position Database)

2.6 The source documents for the cost of salary related inflation costs and mandated benefits will be district generated reports from the District's financial system, the position database maintained by the District Budget Department, and the annual Budget Model. The intent is to identify all salary and benefit related inflation costs which are primarily determined by law, District approved formulas, and the bargaining and meet and confer agreements.

3. Health Benefit Costs

Per the previous RAF agreement and cost out methodology, the District will pay the increase in premium costs for health (at the Kaiser composite rate), dental and vision through December 31, 2011. Any premium increases to these health benefits, effective after December 31, 2011, will be charged to the Unit's 85% share of the RAF, covering the period of January 1 of the current fiscal year through December 31 of the following fiscal year. The inflationary costs for the premium increases will be based on the premium rates established by VEBA for the new calendar year, and the number of employees used in the calculation will be based on the total number of district employees enrolled in each health plan on October 1 of the current year.

The increase in premium costs charged to the 2011-12 RAF will be for the 12-month period January 1, 2012 through December 31, 2012.

The increase in premium costs charged to the 2012-13 RAF will be for the 12-month period January 1, 2013 through December 31, 2013.

The increase in premium costs charged to the 2013-14 RAF will be for the 12-month period January 1, 2014 through December 31, 2014.

4. Adjunct, Overload, Substitute, ESU's, Department Chair & Other Reassigned Time Inflation Costs (See Worksheet #4)

The annual inflationary unit cost for adjunct, overload, substitute, ESU's, Department chair and other reassigned time funded in the Budget Model cannot be increased more than the annual increase in salary and benefits due to changes in the salary schedule(s) and/ or mandated benefit rates. The inflationary increase (decrease) charged to the Unit's 85% share of the RAF shall be based on the net change in these categories when comparing the prior year Adopted Budget Model to the current year Adopted Budget Model.

5. All New Contract Positions (See Worksheet #5)

The cost of all newly created and funded contract positions shall be based on the full cost of salaries and benefits, for one (1) year. If a position is not filled by the time the Adopted Budget is approved by the Board, it will be funded at one of the following appropriate vacancy salary levels in the Position Database:

1. AFT – College Faculty	Class 3, Step H
2. AFT – OT	Range @ Step C
3. AFT – Food Services	Range @ Step C
4. AFT – Continuing Education	Class 3, Step H
5. ACE	Range @ Step C
6. Management	Range @ Step E
7. POA	Range @ Step C
8. SPAA	Range @ Step D
9. AFT – M & O	Range @ Step C

Any variances between the funded vacancy salary levels and actuals will be adjusted as part of the following year's column and step advances cost out procedures.

The maximum number of additional full-time equivalent faculty (FTEF), and the maximum number of additional full-time equivalent staff (FTE), to be charged against the unit's 85% share of the RAF, shall not exceed the District's funded growth factor percentage assigned by the State (e.g. of the State funded growth percentage for SDCCD is 2%, then the current number of GFU funded contract FTEF and FTE cannot be increased by more than 2%).

6. Increase in Faculty Flex Assignments

6.1 As of June 30, 2012, all faculty "Flex" assignments will be considered ended for RAF cost out purposes (pending the outcome of grievance arbitration).

6.2 The additional cost for new flex assignments will be based on actual increased costs by position.

6.3 Once a position is approved for an 11 or 12 month flex assignment, for future cost out purposes only, the position will be considered permanently funded at the 11 or 12 month level.

K. Unit Pay for Short Term Non-Flex Courses

The parties will work to implement a new unit pay methodology for short term college courses, that are currently not considered primary term classes (and are currently paid under Unit Pay), and do not have a "Flex" requirement. These courses will be paid 97% of the hours paid for the same courses being taught during full-term classes that require a flex obligation.

L. Changes in Funding Formulas for Community Colleges

Should the funding formulas for community colleges change substantially, which negatively affects 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 in effect, and re-open negotiations.

M. Adjunct Medical Costs

Prior to this RAF agreement, AFT paid for adjunct medical, dental and vision premiums, above the employee only costs, out of annually budgeted AFT discretionary funds. Under this agreement, adjunct medical, dental and vision premiums will be paid by the district in the same manner as for contract positions covered under this agreement, as of July 1, 2011. Future increases to premium costs for adjunct medical will be deducted out of the Units' 85% share of new resources as is the case with other positions covered under this RAF. In return, AFT agrees to eliminate 100% of the annual discretionary allocation of $540,924.43, typically earmarked for "Adjunct Medical Costs", and return any balances in the Adjunct Medical Benefits account as of July 1, 2011 to the District. AFT also agrees to reduce their "AFT Retiree Health" annual allocation from $150,000 to $90,000, or a reduction of $60,000 per year. The net reduction to the annual AFT discretionary accounts under this section of the RAF will be $600,924.43, effective July 1, 2011.