

STATE BOARD OF COMMUNITY COLLEGES

FY 2010-11 Supplemental Current Operating Budget Allotment

Request:

The State Board of Community Colleges is asked to approve an additional \$11,862,539 for the current operating budget allotments that is provided to the 58 institutions through the formula budget for FY 2010-11.

Background:

On August 3, 2010, the Finance and Capital Needs Committee of the State Board of Community Colleges approved an initial current operating budget allotment of \$1,265,985,880 that was based upon an employer contribution retirement rate of 9.15%, as directed by Section 2.3.(h) of S.L. 2010-31. Further, Section 2.3.(h) of S.L. 2010-31 directed employers to contribute 1.36% to a reserve in the Office of State Budget and Management (OSBM) for the purpose of covering a possible budget shortfall that could occur if Congress did not authorize certain federal funds. The System Office was positioned to make this contribution to the reserve on behalf of the colleges for state-funded positions.

On August 11, 2010, federal legislation was enacted that included a partial restoration of federal Medical Assistance Percentage (FMAP) funds for states through June 2011. With passage of the federal legislation, OSBM authorized the release of the special 1.36% reserve on August 24, 2010. The established employer contribution rates were also restored to 10.51% for the Teachers and State Employees Retirement System (TSERS), and all agencies were directed to remit to the Retirement System at the full 10.51% contribution rates retroactive to July 1.

Method of Allocation:

Staff has calculated the supplemental allocation using the current operating formula budget models for Curriculum, Basic Skills, and Institutional Support for the additional 1.36% retirement rate contribution, as shown in the attachment. Staff will also produce an amended version of the FY 2010-11 State Aid Allocations and Budget Policies for reference, upon approval by the State Board.

Allocation Time Period: July 1, 2010 – June 30, 2011

Fund Source and Availability: State General Fund appropriation

Contact Person:

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and Chief Financial Officer