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**CALIFORNIA COMMUNITY COLLEGES**

**CHANCELLOR'S OFFICE**

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**BACKGROUND MEMO/INFORMATION**

2010-11 Second Principal Apportionment – June 21, 2011

**SYNOPSIS:** The 2010-11 Second Principal Apportionment (P2) for community college districts has been certified and the detailed information is available on the Chancellor's Office Fiscal Services Unit web site:

[http://www.cccco.edu/SystemOffice/Divisions/FinanceFacilities/FiscalServices/AllocationsSection/ApportionmentReports/tabid/329/Default.aspx](http://www.cccco.edu/SystemOffice/Divisions/FinanceFacilities/FiscalServices/AllocationsSection/AppportionmentReports/tabid/329/Default.aspx)

The following exhibits are available for viewing.

Exhibit "A":	District Apportionments and Payments by Program
Exhibit "B-1":	Summary of General and Grand Total Apportionments
Exhibit "B-2A":	Categorical Apportionments - Part 1
Exhibit "B-2B":	Categorical Apportionments - Part 2
Exhibit "B-2C":	Categorical Apportionments - Part 3
Exhibit "B-3":	Categorical and One-time Apportionments
Exhibit "B-4":	Monthly Payment Schedule
Exhibit "C"	Second Principal Apportionment

Attached is additional background information for both the general apportionment and the categorical programs, along with program contact information.

# General Apportionment

## Second Principal Apportionment Allocations

Total and monthly certified program apportionment allocations are included within Exhibit A. State general apportionment and other general supplemental funds are summarized by county on Exhibit B-1. State categorical allowances are displayed on Exhibits B-2A through B-3. Exhibit B-4 provides the County Payment Schedule for June 2011.

The 2010-11 Second Principal Apportionment (P2) allocations for June 2011 are based on each district's certified April 20<sup>th</sup> P2 Full Time Equivalent Student (FTES) along with each county's April 15<sup>th</sup> estimate of current year district property tax and each district's April 15<sup>th</sup> estimate of annual enrollment fee revenue for the current year.

**NOTE: The June P2 Apportionment allocation is based on the 2010-11 Budget Act (Chapter 712, Statutes of 2010), which was enacted on October 10, 2010.**

### **General Issues:**

The total ACTUAL statewide FTES for the second period of 2010-11 declined by 30,188 FTES when compared with the 2009-10 Final FTES numbers, going from 1,260,837 in 2009-10 to 1,230,648 FTES, for a year-to-year decrease of 2.4 percent. FUNDED statewide FTES at the P2 equals 1,189,693, while 40,954 FTES remained unfunded.

Districts restoring prior year declines represented 2,623 FTES or \$12.0 million in restoration funding. As of this P2, potential restoration eligibility for 2011-12 equals \$9.5 million derived totally for current year stability.

### **Growth (Partial Restoration of Prior Year Workload Reduction)**

Total growth funded through state apportionment totaled \$126 million at the P2. The Chancellor's Office allocated the \$126 million in growth dollars to partially restore the 2009-10 \$190 million workload reduction. Growth for the three "basic aid" (locally funded) districts totaled \$10,511,842. This additional amount is included on the statewide Exhibit C. Please note that the actual funded growth to some districts exceeded the calculated growth entitlement based on the previous workload reduction. This outcome occurred because twelve districts did not utilize the entire amount of their allocated growth funds as of the P2 and two districts (with potential growth of \$4.3 million) were in stability and thus used none of their allocated growth funding. Therefore, additional growth funding was available to those districts with unfunded growth. **As of the Recalculation, additional growth funding above the calculated growth allocation as of the P2 may not ultimately be available depending on the performance of those districts that have not used all their allocated growth funds.** Further adjustments will be made at the Recalculation.

**Revenues:** The general deficit is slightly under \$30 million at the P2. This is the result of student fee revenues coming in \$45 million below budget estimates and a \$15 million base deficit that carried over

from the prior year as result of increases in district basic allocations for new colleges, centers and FTES growth. Property tax revenue was up \$30 million above the Budget Act estimate.

### **Redevelopment Agency (RDA) Adjustments**

Assembly Bill 1389 (Chapter 751, Statutes of 2008) requires the Chancellor’s Office to adjust district apportionments to account for Assembly Bill 1290 Redevelopment Agency (RDA) payments over five prior years, fiscal years 2003-04 through 2007-08. At the time these payments were received, districts were responsible for reporting them through the community college apportionment process. For various reasons, including miscommunications between various local agencies, this reporting did not always occur. In attempting to reconcile RDA payments for these five years, the Chancellor’s Office has worked with the State Controller’s Office, County Assessors Offices, and Community College Districts to ensure that these funds are properly recorded. These reconciliation efforts have occurred over the past 2 years.

The Chancellor’s Office has made an adjustment to three districts’ Total Computational Revenue at the P2. The adjustment appears in Section VII on the Exhibit C as “RDA Reconciliation.” Please contact Diane Brady at [dbrady@cccco.edu](mailto:dbrady@cccco.edu) or (916) 327-1554 with any questions.

### **Payment Deferrals**

The July 2010 district payment included an intra-fiscal year deferral of \$200 million with the funds scheduled for repayment to districts as part of the October 2010 apportionment allocation. In addition, AB 37, enacted in late September 2009, required an additional intra-fiscal year deferral of \$100 million from March 2011 with repayment occurring in May 2011.

The 2010-11 Budget agreement also contains inter-fiscal year deferrals for community colleges totaling \$832 million that will begin deferring monthly payments to districts on the following schedule with the repayment of the deferred amounts occurring in July 2011:

<b>January</b>	\$136.5 million
<b>February</b>	\$136.5 million
<b>March</b>	\$76.5 million
<b>April</b>	\$158 million
<b>May</b>	\$103 million
<b>June</b>	<u>\$221.5 million</u>
<b>Total Deferral =</b>	<b>\$832 million</b>

## **Categorical Apportionment**

Eleven categorical programs fall under flexibility provisions embodied in the Education Trailer Bill, Chapter 724 Statutes of 2010 (AB 1610), which provides districts with the authority to move funds from these 11 categorical programs to any other categorical program. In addition, the funding for these 11 categorical programs (Academic Senate, Childcare Tax Bailout, Equal Employment Opportunity, Economic Development, Apprenticeship, Part-Time Faculty Office Hours, Part-Time Faculty Health Benefits, Part-Time Faculty Compensation, Transfer Education and Articulation, Matriculation, and Physical Plant and Instructional Support) is locked-in at the 2008-09 district allocation level, less the level of the 2009-10 cut. In addition, AB 1610 provides authority to the Chancellor's Office to redirect funds from Academic Senate, the Economic Development Program and the Transfer and Articulation programs if the funds support either statewide or regional functions. Below are narrative descriptions for some of the categorical programs funded through the P2 Apportionment.

**Apprenticeship:** The P2 2010-11 state registered apprenticeship programs' "Related and Supplemental Instruction" (RSI) funding apportionment allocated the entire budget of \$7,174,000. The hourly rate was \$5.06. The P2 RSI funding level for each district is the same as in the P1, and will remain the same through the R1 2010-2011 which should be posted in February 2012. For the 2011-12 fiscal year, each district receiving RSI funds will have the same proportion of the 2011-12 RSI budget as the district had in 2010-11. Districts will continue to receive RSI funding at the district's proportional rate even if one or more apprenticeship program shuts down in the middle of the fiscal year or does not operate at all during the fiscal year. Districts are still responsible for submitting the CCFS-321 Apprenticeship Attendance Report at P1, P2, and P3. If no hours were generated, then the district will enter zero for each period. If you have any questions, contact Barry Noonan at [bnoonan@cccoco.edu](mailto:bnoonan@cccoco.edu) and/or <http://www.ccccoco.edu> > Econ. Dev. & Work. Prep. > CTE > Apprenticeship Program

**Equal Employment Opportunity (EEO) Faculty Diversity:** The 2010-11 P2 allocates \$575,250 of the \$767,000 included in the final Budget Act. The 2010-11 P2 apportionment amount reflects the same relative proportion or across the board reduction of 56.09% from the 2008-09 allocation as specified by the Budget Act. The balance of \$191,750 is authorized to be withheld by the Board of Governors pursuant to Education Code section 87108(b) for technical assistance, service, monitoring, and compliance functions.

**Extended Opportunity Programs and Services (EOPS):** The P2 apportionments report for EOPS is in the amount of \$64,273,000, including a contract awarded to Pasadena Area CCD for \$92,285.

**Cooperative Agencies Resources for Education (CARE):** The Second Principal Apportionments report (P2) for CARE is in the amount of \$9,332,000. An adjustment will be reflected in the P2 report for Fullerton College (North Orange CCD), which was awarded a one-time budget augmentation of \$1,652 from FY 2010-2011 CARE reallocated funds. The P2 figure for Fullerton College is therefore in the amount of \$105,762; for North Orange CCD, the total is \$215,100.

**Part-Time Faculty Compensation:** Funding for this program falls under the "flexibility" provisions embodied in Chapter 724 Statutes of 2010. The P2 allocations remain unchanged from the allocations made at the 2010-11 Advance Apportionment. Therefore, we are providing districts that received allocations under these programs in 2008-09, with the same allocation amounts, less the amount of the

2009-10 cuts to this program, which equaled 51 percent. These P2 allocations will not change at the final Recalculation, unless a mid-year correction is made to this program through the budget process.

**Part-Time Faculty Office Hours and Health Benefits:** Funding for these two programs falls under the “flexibility” provisions embodied in Chapter 724 Statutes of 2010. Therefore, we are providing districts that received allocations under these programs in 2008-09, with the same allocation amounts, less the amount of the 2009-10 cuts to these two programs, which equaled 51 percent. These P2 allocations, unchanged from the allocations made at the 2010-11 Advance Apportionment, will not change at the final Recalculation, unless a mid-year correction is made to these programs through the budget process.

All questions regarding the general apportionment for the Advance may be addressed to Ed Monroe at (916) 327-6226, email at [emonroe@cccco.edu](mailto:emonroe@cccco.edu) and all questions regarding the categorical apportionments for P2 may be addressed to Randy Fong at (916) 327-6238, email at [rfong@cccco.edu](mailto:rfong@cccco.edu).

**Any additional questions regarding categorical apportionments should be referred to the following individuals:**

Apprenticeship – Barry Noonan (916) 445-8026

Basic Skills – Mark Wade Lieu (916) 327-2987

California Work Opportunities and Responsibility to Kids (CalWORKs) and Temporary Assistance for Needy Families (TANF) – Jason Orta (916) 327-5890

Career Technical Education – Jackie Escajeda (916) 327-2066 or Teresa Parkison (916) 322-6292

Disabled Students Program and Services (DSPS) and State Hospital Developmental Centers - Scott Berenson (916) 322-3234 or Scott Valverde (916) 445-5809

Economic Development – David Lawrence (916) 327-0749

Equal Employment Opportunity (EEO) - Tosh Shikasho (916) 323-4990

Extended Opportunity Programs and Services - Cheryl Fong (916) 323-5954

Cooperative Agencies Resources for Education (CARE) - Cheryl Fong (916) 323-5954

Instructional Equipment & Library Materials - Lan Yuan (916) 323-5957

Scheduled Maintenance and Repair - Lan Yuan (916) 323-5957

Credit / Non Credit Matriculation – Kimberly McDaniel (916) 323-0799

Student Financial Aid Administration – Terence Gardner (916) 327-5892

Telecommunications Allocations – Bonnie Edwards (916) 327-5899

Vocational & Applied Technology & Education Act (VATEA) - Robin Harrington (916) 322-6810