
CALIFORNIA COMMUNITY COLLEGES

CHANCELLOR'S OFFICE

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BACKGROUND MEMO/INFORMATION

2012-13 First Principal Apportionment – March 8, 2013

SYNOPSIS: The 2012-13 First Principal Apportionment for community college districts has been certified and the detailed information is available on the Chancellor's Office Fiscal Services Unit web site:

<http://extranet.cccco.edu/Divisions/FinanceFacilities/FiscalServicesUnit/Reports/AppportionmentReports/201213.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" ¹	First Principal Apportionment

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

¹ It should be noted that the numbers on the Exhibit C Statewide Total page cannot be derived easily from multiplying the FTES by the funding rates, due to various adjustments and differential funding rates.

General Apportionment

NOTE: The February/March P1 Apportionment allocation is based on the 2012-13 Budget Act (Chapter 21, Statutes of 2012), which was enacted on June 27, 2012, and as amended by Chapter 29, Statutes of 2012, as noted below.

General Issues:

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 payment schedule by county for February 2013 through May 2013.

The 2012-13 First Principal Apportionment (P1) allocations for February through May 2013 are based on each district's certified January 15th P1 Full Time Equivalent Student (FTES) along with each county's November 15th estimate of current year district property tax and each district's January 15th estimate of enrollment fee revenue for the current year.

Schools and Local Public Safety Protection Act of 2012:

On November 6, 2012, voters passed Proposition 30, the Schools and Local Public Safety Protection Act of 2012. This Act authorized the State of California to temporarily increase sales and income taxes for four and seven years, respectively, to generate funds for critical state and local services, including education, police and fire protection, and healthcare.

The Education Protection Account (EPA) was created to receive and disburse the revenues derived from the sales and income tax increases. Before June 30, 2013, the Director of Finance shall estimate the total amount of additional revenues derived from the incremental increases in tax rates available for transfer into the EPA.

Growth/Restoration Funding:

One result of the passage of Proposition 30 was that the system received \$50 million in "growth" funding. This funding is being allocated to partially restore the 2009-10 workload reduction of \$190 million. This \$50 million, when combined with the \$126 million in growth funding received in 2010-11, represents 92.6% of the 2009-10 workload reduction. Thus, the new \$50 million has been allocated to districts to restore 92.6% of the original amount cut, provided districts had sufficient FTES to earn it. Since not all districts had sufficient FTES to earn back their share of the workload reduction based on their January 15th certified FTES, additional remaining funds were allocated to districts with sufficient FTES to fully restore their entire 2009-10 workload reduction. As of P1, \$45.8 million of the \$50 million has been allocated. However, the allocations are subject to change at P2 and Recal, as we expect FTES numbers to change in the spring term. Those districts that have not yet increased their FTES enough to receive their share of the growth/restoration funds will have the rest of 2012-13 and 2013-14 to do so, after which the opportunity to restore the 2009-10 workload reduction cuts will be lost.

General Apportionment Deficit:

The statewide deficit at P1 is \$310 million. This represents a deficit factor of 6.30% to each district, excluding those that are fully locally funded (basic aid). Deficits arise from shortfalls in various sources of revenue. For P1, property taxes as estimated by the counties in November 2012 came in approximately \$10.9 million higher than the Department of Finance estimate at the beginning of the

fiscal year. These are “regular” property taxes, not including Redevelopment Agency (RDA) residual payments or asset liquidations. Likewise, enrollment fees reported by districts in January also came in higher than estimated at the beginning of the year, by \$35 million. Conversely, the residual and asset liquidation funds from the elimination of RDAs came in at \$295 million below the estimate. Several other factors contributed to the deficit, including stability restoration of \$6.3 million paid to seven districts. Additionally, Proposition 30 requires that all districts receive a minimum of \$100 per FTES from EPA funds, including locally-funded (basic aid) districts, which also totaled \$6.3 million. Overall, the deficit can be almost entirely attributed to the shortage in estimated RDA recoveries, along with some residual structural deficit. We have received assurances that any shortage in RDA recoveries will be backfilled. Thus we estimate that any remaining deficit at Recal will be no more than about 1% to 1 ½%.

Deferrals:

Proposition 30 also reduced the amount of deferral payments from \$961 million to \$801 million (system-wide totals). Monthly payments shown in Exhibit B-4 are net of the deferral payments. Please note that the monthly payments for March, April and May have been revised since the February P1 posting.

First Principal Apportionment Allocations and FTES:

The total ACTUAL statewide FTES for the first period of 2012-13 declined by 34,709 FTES from one year ago, going from 1,147,381 in 2011-12 to 1,112,672 FTES in the current year, for a year-to-year decrease of 3.03 percent. FUNDED statewide FTES at the P1 was 1,101,445, which left more than 11,300 unfunded FTES in the system. Restoration of prior year declines resulted in an increase in total FTES of approximately 1,400 FTES.

Miscellaneous:

You will notice that we made some changes to the Exhibit C display. This was done primarily to show the EPA funding separately from the State General Apportionment line item, as the EPA funds must be tracked separately. Several other changes were made as well, and it should be noted that this is a work in progress. We are aware that the new Section VIII wording is misleading, with the Revenue Shortfall being included in the “Total Available General Revenue.” We will improve the Exhibit C display at P2.

Please remember P1 is an estimate and things will undoubtedly change at P2 and Recal.

Categorical Apportionment

The July 2009 Budget Act, ABX4 1, made substantial cuts to most of the CCC categorical programs. It exempted two programs from cuts (Financial Aid and Foster Care), fully eliminated one program (Physical Plant/Instructional Equipment), and made a range of cuts from 32% to 51% to the other categorical programs. Eleven categorical programs fall under flexibility provisions embodied in the Education Trailer Bill, ABX4 2, 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. Below are narrative descriptions for some of the categorical programs funded through the P1 Apportionment.

Extended Opportunity Programs and Services (EOPS): The First Principal Apportionment (P1) report allocates \$64.273 million to operate 113 college EOPS programs. In accordance with Assembly Bill 318, Statutes of 2006 (Dymally), El Camino College Compton Center is awarded categorical funds to operate a full-service EOPS program, independent and separate from El Camino College, each fiscal year. The EOPS P1 report also reflects a one-time adjustment in the current year funding for Moreno Valley College and Pasadena City College.

Cooperative Agencies Resources for Education (CARE): The First Principal Apportionment (P1) report allocates \$9,236,537 to operate 113 college CARE programs in 72 districts. In accordance with Assembly Bill 318, Statutes of 2006 (Dymally), El Camino College Compton Center is awarded categorical funds to operate a full-service CARE program, independent and separate from El Camino College, each fiscal year. Additionally, as required by the Board of Governors-approved CARE allocations funding formula, the CARE P1 report reflects one-time adjustments in the current year funding for eight colleges (districts): Barstow (Barstow CCD), Compton (El Camino CCD), Feather River (Feather River CCD), Cerro Coso (Kern CCD), Los Angeles Southwest (Los Angeles CCD), Pasadena City (Pasadena Area CCD), Crafton Hills (San Bernardino CCD), and San Francisco (San Francisco CCD).

Part-Time Faculty Compensation: Funding for this program falls under the “flexibility” provisions embodied in ABX4 2. The P1 allocations remain unchanged from the allocations made at the 2012-13 First Principal 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 these two programs, which equaled 51 percent. These P1 allocations will not change at the P2 or the final Recalculation, unless a mid-year correction is made to these programs through the budget process.

Part-Time Faculty Office Hours and Health Benefits: Funding for these two programs falls under the “flexibility” provisions embodied in ABX4 2. 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 P1 allocations will not change at the P2 or the final Recalculation, unless a mid-year correction is made to these programs through the budget process.

All questions regarding the general apportionment or categorical apportionments for P1 may be addressed to Randy Fong at 916-327-6238, email at rfong@cccco.edu.

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

Apprenticeship – Paul Barth (916) 323-3865

Basic Skills – Barbara Illowsky (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 – Erin Larson (916) 327-5884

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

Economic Development – Katie Gilks (916) 323-5863

Equal Employment Opportunity (EEO) – Jonathan Lee (916) 445-6272

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