BACKGROUND MEMO/INFORMATION

2014-15 First Principal Apportionment
and
2013-14 Recalculation

SYNOPSIS: The 2014-15 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/ApportionmentReports/201415.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 P1 Apportionment allocation is based on the 2014-15 Budget Act (Chapter 25, Statutes of 2014), which was enacted on June 20, 2014. The 2013-14 Recalculation will be discussed in further detail on page 4.

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 2015 through May 2015.

The 2014-15 First Principal Apportionment (P1) allocations for February through May 2015 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.

Education Protection Act/Proposition 30 funding:

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. For the 2014-15 year, EPA revenues will be distributed to districts quarterly. In 2014-15, as in previous years, any shortage in actual EPA funds compared to Budget Act estimates will be backfilled.

Access/Growth funding:

After multiple years of reductions in community college funding, the system is now receiving additional funding to increase access. The 2014-15 Budget Act included $140 million in Growth funding to increase access. We will distribute Growth funding the same way we have done for the past few years – to repay the workload reductions that districts experienced in recent years. It should be noted that 2013-14 was the last year that districts had a chance to recover funds that were lost due to the 2009-10 cut, as the state has now provided more Growth funding than the $190 million that was cut in that year. Districts must first restore any stability eligibility they may have before they can begin to access the growth funds to recover their 2011-12 workload reductions.

At P1, all of the Growth funds have been applied toward repaying the 2011-12 reduction. Since districts are growing at varying rates, some may not fully recover all their workload reduction FTES, while others may grow at a rate that outstrips their workload reduction eligibility and end up with unfunded FTES. Currently there are 16 districts with unfunded FTES, with more than 7,600 total unfunded FTES. However, it should be noted that FTES levels tend to fluctuate throughout the course of a year, so that things are likely to change at P2 and Recal when updated FTES totals become available.
Districts should also be aware that the provision of Growth funding in 2014-15 will result in the basic allocation thresholds being raised in proportion to the lowering that occurred during the 2011-12 workload reduction. Based on the amount of growth funding provided this year, the thresholds will increase by approximately 3% over the 2013-14 levels. Although the new thresholds are not correctly displayed on the Exhibit C yet, they will be corrected in any future revision of the P1 and for P2.

**General Apportionment Deficit:**

The statewide deficit at P1 is $79 million, which equates to 1.37%. This represents a deficit factor of 1.48% to each district, excluding those that are fully locally funded (basic aid). Deficits arise from shortfalls in various sources of revenue, such as local property taxes, which include revenues from the dissolution of Redevelopment Agencies (RDAs), and enrollment fees. It should be noted, however, that these numbers tend to fluctuate significantly throughout the year. In 2012-13, for example, the deficit was more than 6% at P1, and by the end of the year it had been reduced to approximately ¼ of 1%. Now that we receive backfills for EPA and RDA shortfalls, as well as a shift of expected RDA revenues to “true up” a fiscal year before the counties’ final reports come in, the deficit is much more manageable than it was in recent years. Still, as FTES levels fluctuate throughout the year, the deficit will also fluctuate. If a significant number of districts are able to claim stability restoration, that also can cause a deficit to the system as a whole.

**Deferrals:**

For 2014-15, the deferrals have been reduced to $94 million. We expect that deferrals will be completely eliminated as of the May Revision when income tax receipts are known; however, the practical effect is that we will not have the ability to change the deferrals for the month of June if the appropriation is not adjusted until the 2015-16 Budget Act is signed very late in the month. As of 2015-16, there will be no more deferrals.

**First Principal Apportionment Allocations and FTES:**

The total ACTUAL statewide FTES for the first period of 2014-15 increased by 22,000 FTES over 2013-14, going from 1,121,541 to 1,143,541 FTES, for a year-to-year increase of 1.96 percent. FUNDED statewide FTES at P1 was 1,135,924 which left more than 7,600 unfunded FTES in the system. Restoration of prior year declines resulted in an increase in total FTES of more than 8,500 FTES.

**Please remember P1 is an estimate and things will undoubtedly change at P2 and Recal.**
2013-14 Recalculation:

Fiscal year 2013-14 ended with a deficit to districts of approximately .65%, down from the 1.1% statewide deficit that existed at the last P2 revision. Growth funding of $89 million provided in 2013-14 was allocated to repay approximately $6 million of the 2009-10 workload reductions and $80 million of 2011-12 reductions, with the remaining $3 million used to fund new centers. Statewide, the system ended 2013-14 with unfunded FTES of more than 14,700, indicating that some districts are growing fast enough to outstrip the funding provided. Considering that there were more than 95,000 unfunded FTES in 2009-10, however, this represents a significant improvement in the alignment of funding with the number of students being served.

There will be a Revision to this Recalculation soon, most likely in March, which should result in very slight increases in funding to most districts.
Categorical Apportionment

Assembly Bill No. 101, Approved by the Governor September 26, 2013, reduced the eleven categorical programs that fell under the flexibility provisions in FY 2009-10 to eight (Academic Senate, Equal Employment Opportunity, Part-Time Faculty Office Hours, Part-Time Faculty Health Benefits, Part-Time Faculty Compensation, Economic Development, Transfer Education and Articulation, and Childcare Tax Bailout). Education Trailer Bill, ABX4 2, provides districts with the authority to move funds from these eight categorical programs to any other categorical program. In addition, these eight categorical programs are 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.

**Basic Skills:** Funds are allocated to colleges based upon (Full-time Equivalent Students) FTES generated from CB-08 (i.e. basic skills) coded classes. All colleges receive a minimum of $90,000 per year (July 1 – June 30). The remaining funds are divided among the colleges based upon their portion of the CCC statewide CB-08 generated FTES. In 2012-13, approximately 60% of the colleges received more than the $90,000 minimum allocation. Website URL with additional information [http://extranet.cccco.edu/Divisions/AcademicAffairs/BasicSkillsEnglishasaSecondLanguage.aspx](http://extranet.cccco.edu/Divisions/AcademicAffairs/BasicSkillsEnglishasaSecondLanguage.aspx)

**CalWORKs:** The CalWORKs First Principal Apportionment (P1) for 2014-15 reflects the actual CalWORKs allocations provided to all 113 college CalWORKs programs in October 2014.

**Cooperative Agencies Resources for Education (CARE):** The First Principal Apportionments (P1) report allocates $9.324 million to operate 113 college CARE programs in 72 districts. In accordance with Assembly Bill 318, Statutes of 2008 (Dymally), Compton CCD is awarded categorical funds to operate a full-service CARE program at the El Camino College Compton Center, 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 to the current year funding for five (5) colleges (districts): Palomar (Palomar CCD), Porterville (Kern CCD), Santa Ana (Rancho Santiago CCD), Siskiyous (Siskiyou Joint CCD) and Solano (Solano CCD).

**Extended Opportunity Programs and Services (EOPS):** The First Principal Apportionment (P1) report allocates $79.140 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. Additionally, as required by the Board of Governors-approved EOPS allocations funding formula, the EOPS P1 report reflects one-time adjustments to the current year funding for two (2) colleges (districts): Feather River (Feather River CCD) and Modesto Junior College (Yosemite CCD).

**Disabled Student Programs and Services (DSPS):** The 1st principal (P1) apportionment period reflects the allocation of the majority of the $114.2 million directed to colleges by the California State Legislature in 2014-15. Approximately $96 million of these funds were allocated to the college programs based on the established DSPS allocation formula. Additionally, $9.6 million was allocated for high-cost services for deaf and hard of hearing students, based on its own unique formula. An additional $1,000,000 was allocated to districts for the operation of special programs offered at two state developmental centers. The remaining funds were allocated to districts that have been awarded special project grants and contracts through competitive processes, or were held out of the P1 process for the
funding of additional special projects, that will be allocated in the 2nd principal (P2) apportionment period. The full allocation for DSPS is posted on the state Chancellor’s Office website, Student Services Division, DSPS at this URL: http://extranet.cccco.edu/Divisions/StudentServices/DSPS.aspx

**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.

**Student Success and Support Program - Credit:** The 2014-15 First Principal Apportionments report (P1) for Credit SSSP allocates $174,677,000 to operate the 113 SSSP credit programs. This P1 also includes $500,000 allocated to Pasadena Area CCD for the set-aside contract and $350,000 allocated to Butte-Glenn CCD for CCCApply.

**Student Success and Support Program - Noncredit:** The 2014-15 First Principal Apportionments report (P1) for the Noncredit SSSP allocates $9,366,775 to the 66 colleges/districts eligible for funding. Colleges and districts will continue to have the authority to move Credit SSSP funds to support noncredit services in 2014-15; however this authority will not continue in 2015-16.

**Student Success and Support Program - Student Equity:** The 2014-15 First Principal Apportionment report (P1) for Student Equity allocates $69,000,000 to operate Student Equity programs in all 72 districts. These dedicated state resources have been provided to establish the Student Equity program “in order to ensure equal educational opportunities and to promote student success for all students, regardless of race, gender, age, disability, or economic circumstances”.

**TANF:** The TANF First Principal Apportionment (P1) for 2014-15 reflects the actual TANF allocations provided to all 113 college CalWORKs programs in October 2014

**Chancellor's Office Contact Information**

**General Apportionment contact:** Randy Fong at (916) 327-6238 or via email at rfon@cccco.edu

**Categorical Apportionments contact:** Patricia Servin at (916) 445-1163 or via email at pservin@cccco.edu

Contacts for individual categorical programs are listed on the next page.
Categorical Program contacts:

**Apprenticeship**
John Dunn
(916) 445-8026

**Basic Skills**
Eric Nelson
(916) 327-2987

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

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

**Equal Employment Opportunity (EEO)**
Leslie LeBlanc
(916) 445-1997

**Extended Opportunity Programs and Services**
Kelly Gornik
(916) 323-4281

**Cooperative Agencies Resources for Education (CARE)**
Kelly Gornik
(916) 323-4281

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

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

**Student Success and Support Program**
Debra Sheldon
(916) 322-2818

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

**Telecommunications Allocations**
Bonnie Edwards
(916) 327-5899