BACKGROUND MEMO/INFORMATION

2014-15 Second Principal Apportionment

SYNOPSIS: The 2014-15 Second 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”\(^1\): Second 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 P2 Apportionment allocation is based on the 2014-15 Budget Act (Chapter 25, Statutes of 2014), which was enacted on June 20, 2014.

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 June 2015.

The 2014-15 Second Principal Apportionment (P2) allocations for June 2015 are based on each district’s certified April 30th P2 Full Time Equivalent Student (FTES) report, along with each county’s April 15th estimate of current year district property tax and each district’s April 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.

At P2, we were notified that the EPA revenues were coming in above the level estimated at the beginning of the year, so that the state general funds would be decreased accordingly. You will see the difference in the proportion of EPA vs state apportionment funds compared to P1. The total amount of funding to the system is unchanged; the only change is the source of the funding.

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. Districts must first restore any stability eligibility they may have before they can receive any growth funds to recover their 2011-12 workload reductions.

The 2014-15 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 14 districts with unfunded FTES, with more than 5,700 total unfunded FTES statewide. However, it should be noted that FTES levels tend to fluctuate throughout the course of the year, so that things are likely to change at Recal when updated FTES totals become available.

It should also be noted that there is almost $800,000 in unused growth funds as of P2. This results from the process we've been using to allocate growth funding to districts: to repay the workload reductions. All districts that have unfunded FTES have been fully repaid for their 2011-12 workload reductions. We will reevaluate this situation at Recal, when we have final FTES reports for the 2014-15 year, and ensure that all growth/access funds are distributed.

Districts should also be aware that the provision of growth/access funding in 2014-15 resulted 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 increased by approximately 3% over the 2013-14 levels.

**General Apportionment Deficit:**

The statewide deficit at P2 is $17 million, which equates to 0.3%. This represents a deficit factor of 0.32% to each district, excluding those that are fully locally-funded (basic aid). This is a significant improvement over P1, and is due to increases in both property tax and enrollment fee revenue, while FTES declined slightly. However, it should be noted that local revenues and FTES levels fluctuate throughout the year, which causes the deficit to fluctuate. Additionally, if a significant number of districts are able to claim stability restoration, that can increase the deficit to the system as a whole.

**Deferrals:**

Due to the increased state revenues received by the May Revision, the deferrals have been completely eliminated. As of 2015-16, there will be no more deferrals.

**First Principal Apportionment Allocations and FTES:**

The total ACTUAL statewide FTES for the second period of 2014-15 decreased by 1,558 FTES from P1, going from 1,143,541 to 1,141,983 FTES, for a decrease of 0.14 percent. FUNDED statewide FTES at P2 was 1,136,227 which left more than 5,700 unfunded FTES in the system. Restoration of prior year declines resulted in an increase in total FTES of nearly 9,000 FTES.

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

**CalWORKs:** The CalWORKs Second Principal Apportionment (P2) for 2014-15 reflects the actual CalWORKs allocations provided to all 113 college CalWORKs programs in October 2014 and includes subsequent adjustments in which CalWORKs Programs reported unused funds or received reallocations of unused funds between January and April 2015.

**Cooperative Agencies Resources for Education (CARE):** The FY 2014-15 Second Principal Apportionments report (P2) for CARE is in the amount of $9.332 million and reflects the actual allocations to the colleges. The CARE P2 reflects one-time adjustments to increase the program allocations at eight (8) college CARE programs which were awarded CARE reallocated funds at mid-year. The CARE P2 also reflects the return of $10,000 from the College of San Mateo in the San Mateo Community College District and corrections to the allocation for Palomar College. Allocations to fund all other college CARE programs remain unchanged from the P1.

**Extended Opportunity Programs and Services (EOPS):** The FY 2014-15 Second Principal Apportionments report (P2) for EOPS is in the amount of $79.273 million and reflects the actual allocations to the colleges. The EOPS P2 includes $92,285 awarded to Pasadena Area CCD for the EOPS Statewide Set-Aside Funds Contract #C14-0353, which is in effect from July 1, 2014 through October 31, 2015. The EOPS P2 also reflects one-time adjustments to increase the program allocations at 17 college EOPS programs which were awarded EOPS reallocated funds at mid-year. Allocations to fund all other college EOPS programs remain unchanged from the P1.

**Disabled Student Programs and Services (DSPS):** The FY 2014-15 Second Principal Apportionment report (P2) for DSPS totals $112,263,000. In P2, colleges received an additional $170,000 in DSPS funds and an additional $27,767 in DHH funds returned by the colleges, reported as unspent in mid-year reports. The DSPS P2 reflects one-time adjustments to increase DSPS program allocations by no more than $14,389 at colleges that requested DSPS P2 funding by the report deadline, and/or $1,207 in DHH funding at colleges that requested additional DHH funding by the report deadline and pledged the
appropriate DHH match. Additionally, $150,189 were reallocated as previously applied 2013-14
underspending penalties in P1, and an additional $36,468 was distributed as stipend payments for data
collection participation in a state-wide, DSPS research study. Allocations at all of the other colleges
remain unchanged from their P1 funding level. P2 totals may also be found at our website under “DSPS
allocations”: http://extranet.cccco.edu/Divisions/StudentServices/DSPS/Allocations.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 Second Principal Apportionment report
(P2) for Credit SSSP allocates $175,048,232 to operate the 113 SSSP programs. Districts have authority
to carryover funds until December 31, 2015 and will be required to report Year-End Expenditures by
February 12, 2016. Any funds not expended on that report will be collected through an invoice process.

This P2 includes $350,000 allocated to Butte-Glenn CCD for CCCApply and $599,995 to Pasadena Area
CCD for the SSSP Set-Aside contract.

Student Success and Support Program - Noncredit: The 2014-15 Second Principal Apportionment
report (P2) for Non-Credit SSSP allocates $9,381,000 to the 53 districts who have noncredit programs.
Districts have authority to carryover funds until December 31, 2015 and will be required to report Year-
End Expenditures by February 12, 2016. Any funds not expended on that report will be collected
through an invoice process.

Student Success and Support Program - Student Equity: The 2014-15 Frist 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”.
Chancellor's Office Contact Information

General Apportionment contacts:

Randy Fong at (916) 327-6238 or via email at rfong@cccco.edu
Patricia Servin at (916) 445-1163 or via email at pservin@cccco.edu

Categorical Apportionments contacts:

Patricia Servin at (916) 445-1163 or via email at pservin@cccco.edu
Jubilee Smallwood at (916) 327-6225 or via email at jsmallwood@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
Gary Bird
(916) 327-5904