

**BOARD OF GOVERNORS OF THE CALIFORNIA COMMUNITY  
COLLEGES**  
**REVISIONS TO TITLE 5 REGULATIONS:**  
**BASIC ALLOCATION FUNDING FOR NEW COLLEGES  
AND EDUCATIONAL CENTERS**

1. Section 58771 of article 8 of subchapter 8 of chapter 9 of division 6 of title 5 of the California Code of Regulations is amended to read:

**§ 58771. Base Fiscal Year Revenues.**

(a) The base revenues for each community college district shall be the sum of the revenues received for the preceding fiscal year in accordance with section 58770 (including any subsequent adjustments pursuant to subdivision (c) thereof), exclusive of section 58776, plus any unfunded shortage in revenues identified pursuant to the provisions of sections 58772 and 58779, less any adjustment for declining FTES pursuant to section 58774 in the preceding fiscal year.

(b) Base credit FTES shall be the funded FTES of the prior fiscal year.

(c) Base noncredit FTES shall be the funded noncredit FTES of the prior fiscal year.

(d) Base career development and college preparation noncredit FTES shall be the funded career development and college preparation noncredit FTES of the prior fiscal year. The 2006-07 fiscal year begins with a base of zero FTES.

(e) Base basic allocation level shall be contingent upon the status of the college, center and FTES criteria pursuant to subdivision (i) of this section.

(f) The noncredit base revenue for each community college district shall be equal to the units of base noncredit FTES determined pursuant to subdivision (c), multiplied by the base rate of \$2,479.23; in subsequent years the base rate shall be the prior year base rate plus an inflation adjustment pursuant to section 58773. The 2006-07 marginal rate for noncredit FTES after the inflation adjustment is \$2,626.00.

(g) The credit base revenue for each community college district shall be equal to the units of base credit FTES determined pursuant to subdivision (b), multiplied by the base rate of \$4,122.92 in the 2006-07 fiscal year; in subsequent years the base rate shall be the prior year base rate plus an inflation adjustment pursuant to section 58773(b). The 2006-07 marginal rate for credit FTES after the inflation adjustment is \$4,367.00.

(h) The career development and college preparation noncredit base revenue for each community college district shall be equal to the units of base career development and college preparation noncredit FTES determined pursuant to subdivision (d) multiplied by the base funding rate for that year. In subsequent years the base rate shall be the prior year base rate plus an inflation adjustment pursuant to section 58773. In 2006-07, the marginal rate will be \$3,092.00 if the \$30 million provided for this category of FTES is adequate to fully fund all qualifying FTES.

(i) The basic allocation base revenue for each community college district shall be contingent upon the number and size of colleges and educational centers, as those terms are defined in section 55180 and this section. The annual basic allocation base rates for fiscal year 2006-07 shall be the basic allocation rates shown below. The basic allocation

base rate for subsequent years will be the 2006-07 base rate plus any inflation adjustments applied in intervening years. Apportionment allocations for the basic allocation base revenues and base rates are based on the prior year's FTES as reported on the final attendance report. The unadjusted basic allocation base rates, before any inflation adjustment for 2006-07, shall be:

(1) Single college districts: \$5,000,000 per single college district with FTES equal to or greater than 20,000.

(2) Single college districts: \$4,000,000 per single college district with FTES equal to or greater than 10,000 FTES but less than 20,000 FTES.

(3) Single college districts: \$3,000,000 per single college district with less than 10,000 FTES.

(4) Multi-college districts: \$4,000,000 per college with FTES equal to or greater than 20,000 FTES; \$3,500,000 per college with FTES equal to or greater than 10,000 FTES but less than 20,000 FTES; and \$3,000,000 per college with less than 10,000 FTES.

(5) Educational centers: \$1,000,000 for each center described in subdivision (b)(1) of section 55180 and reporting 1,000 or more FTES. A district is not eligible for the basic allocation revenue provided by this subdivision associated with an educational center that is approved by the Board of Governors on or after May 1, 2008, unless and until the Chancellor determines that the center reported at least 1,000 FTES on the district's most recent final attendance report.

(6) Grandparented centers described in subdivision (b)(2) of section 55180: amounts as specified below for 2006-07 plus inflation adjustments to be applied to calculate the entitlement for subsequent years.

(A) Greater than or equal to 1,000 FTES: \$1,000,000

(B) Greater than or equal to 750 FTES but less than 1,000 FTES: \$750,000

(C) Greater than or equal to 500 FTES but less than 750 FTES: \$500,000

(D) Greater than or equal to 250 FTES but less than 500 FTES: \$250,000

(E) Greater than or equal to 100 FTES but less than 250 FTES: \$125,000

(7) For grandparented centers described in subdivision (b)(2) of section 55180, the amount of certified FTES used to calculate the center's 2006-07 entitlement shall not be increased until the center in question is approved as an educational center pursuant to article 4 of subchapter 2 of chapter 6 (commencing with section 55180) but may be decreased in accordance with the provisions of paragraph (8) below. The provisions of paragraphs (10) and (11) of this subdivision shall not apply to a grandparented center pursuant to subparagraph (6) above until it is approved as an educational center pursuant to article 4 of subchapter 2 of chapter 6 (commencing with section 55180).

(8) Beginning with fiscal year 2005-06, districts shall report FTES for each college and educational center in accordance with guidance from the Chancellor's Office. These FTES will be used to calculate the amount of basic allocation earned by each district. If an educational center does not serve at least an amount of FTES sufficient to continue at the same basic allocation funding level, the unadjusted basic allocation amount will be recalculated consistent with the FTES level served. If the recalculation results in a lower funding amount, the reduction will not occur until the third year after the initial recalculation that resulted in the lower calculated funding amount. If the educational center increases the level of FTES served in years subsequent to the reduction in its basic

allocation amount, the Chancellor shall recalculate the basic allocation amount using the larger FTES level, but in no case will the basic allocation be recalculated using a level of FTES that exceeds the FTES amount from its initial center certification.

(9) The Chancellor may authorize extraordinary basic allocation base revenue pursuant to this section to a partner district under Education Code section 74292.

(10) Other than as provided in paragraphs (7) and (11), the amount of FTES served by each college and center as reported on the 2005-06 final attendance report shall be used to calculate the minimum unadjusted basic allocation amount for the initial 2006-07 fiscal year of the apportionment and the following two years.

(11) Other than as provided in paragraph (7), if a new college or center is established, or if the FTES from an existing college or center increases to a level that warrants an adjustment of the district's previous basic allocation base amount, the basic allocation adjustment shall be included in the fiscal year following the approval or increase in size occurs next principal apportionment subject to the final recalculation of apportionment for that year.

(12) Single college districts that reported credit attendance at less than or equal to 5,000 FTES for the 2005-06 final attendance report that are serving areas of the state with less than 217 people per square mile are eligible for a base allocation adjustment of \$500,000 to the initial base allocation amount.

(13) Changes to basic allocation funding pursuant to paragraph (11) of this subdivision shall come from the same funding sources as the base funding pursuant to section 58772.

(14) FTES produced from distance education courses or courses taught at a physical location other than a college or a center shall be credited to the base allocation of the college or center from which they were reported for the first principal apportionment of the 2006-07 fiscal year. Subsequent to the first principal apportionment of the 2006-07 fiscal year, any new FTES produced from a distance education course or courses taught at a physical location other than a college or center shall be credited to the base allocation of the college or center where they were initially reported. The intent of this section is to specify that FTES may not be moved among colleges after they have been initially reported so as to increase the base allocation of a college.

(15) In the event that a college or center is closed, the FTES produced from a distance education course or courses taught at a physical location other than a college or center and reported from that college or center shall be credited to another college or center in the same district, to the extent that such additional FTES is produced at the recipient college or center. The FTES may not be credited to a subsequent college or center in the district at a later date unless the original recipient college or center is also closed. The intent of this section is that FTES may not be moved among colleges or centers after they have been initially reported so as to increase the base allocation of a college or center.

Note: Authority cited: Sections 66700, 70901, 74292 and 84750.5, Education Code.

Reference: Section 84750.5, Education Code.