

**CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE**

1102 Q STREET, STE. 4554
SACRAMENTO, CA 95811-6549
(916) 445-8752
<http://www.cccco.edu>



BACKGROUND MEMO/INFORMATION

2013-14 First Principal Apportionment

and

2012-13 Revised Recalculation – February 20, 2014

SYNOPSIS: The 2013-14 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/201314.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 2013-14 Budget Act (Chapter 20, Statutes of 2013), which was enacted on June 27, 2013. The 2012-13 Revised 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 2014 through May 2014.

The 2013-14 First Principal Apportionment (P1) allocations for February through May 2014 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 2013-14 year, EPA revenues will be distributed to districts quarterly. In 2013-14, as in 2012-13, 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. We will be distributing any funds designated in 2013-14 budget language as "Growth" the same as we did in 2010-11 and 2012-13 – to repay the workload reductions that districts experienced in 2009-10 and 2011-12. It should be noted that this is the last year that districts will have a chance to recover funds that were lost due to the 2009-10 cut, as the state has now provided more 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 workload reductions.

After repaying the 2009-10 workload reduction, growth funds will also be applied toward repaying the 2011-12 reduction. Since districts are growing at varying rates, it is anticipated that some may not fully recover all their 2009-10 cuts, while others will recover all of their 2009-10 cut and make significant headway on recovering their 2011-12 cut as well. However, it is difficult to accurately predict a target as to how much a district can grow, as FTES levels fluctuate throughout the course of a year. At P1, growth funding has been allocated with \$7 million going toward the 2009-10 reduction and \$79 million applied to the 2011-12 reduction. This is subject to change at P2 and Recal as updated FTES totals become available.

Districts should also be aware that the state's provision of growth funding in 2013-14 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 1.5% over the 2012-13 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 \$226 million or 4%. This represents a deficit factor of 4.36% 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 2013 came in approximately \$200 million lower than the Department of Finance estimate at the beginning of the fiscal year. This shortage consists of approximately \$160 million from Redevelopment Agency (RDA) residual payments and asset liquidations and \$30 million from the Educational Revenue Augmentation Fund (ERAF), among other categories of property tax revenue. It should be noted, however, that these numbers tend to fluctuate significantly throughout the year, and any final deficit will almost certainly be much lower than what is shown on the P1 Exhibit C. 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%.

Enrollment fees reported by districts in January also came in lower than estimated at the beginning of the year, by approximately \$15 million. Several other factors contribute to the deficit, including stability restoration of \$36 million.

Deferrals:

The deferrals have been reduced to \$592 million in 2013-14. Monthly payments shown in Exhibit B-4 are net of the deferral payments.

First Principal Apportionment Allocations and FTES:

The total ACTUAL statewide FTES for the first period of 2013-14 increased by 11,809 FTES from one year ago, going from 1,112,672 in 2012-13 to 1,124,481 FTES in the current year, for a year-to-year increase of 1.06 percent. FUNDED statewide FTES at the P1 was 1,112,276 which left more than 12,000 unfunded FTES in the system. Restoration of prior year declines resulted in an increase in total FTES of almost 8,000 FTES.

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

Revised 2012-13 Recalculation:

Fiscal year 2012-13 ended with a deficit to districts of approximately .23% , down substantially from the 3.38% statewide deficit that existed at P2. This dramatic change occurred primarily as a result of large increases in property tax revenues received by many districts by the end of the year. In fact, some districts ended up being significantly overpaid in general apportionment funds during the year due to counties providing lower estimates of a district's property tax revenue than was ultimately received. These districts are being invoiced to return the overpaid funds in situations where the amounts are too large to be offset against the following year's apportionment payments. Districts showing a positive number in the "Unpaid balance" column on Exhibit D will receive those funds once the overpayments are repaid and available to distribute. The delay is unfortunate, but with such dramatic swings in property tax reporting by counties, it may become more common as property tax values rebound at widely varying rates across the state.

The February 20th revision of the 2012-13 Recalculation reflects some minor changes from the version originally posted on February 7th. One change is that the final EPA recalculated payments will appear in March rather than February as shown in the original Exhibit D, because the State Controller's Office will now only distribute EPA funds on a quarterly basis. In addition, there were several other adjustments, including several centers which received reduced funding as a result of their FTES falling below the thresholds. This results in slight increases in funding to other districts.

Growth funding of \$50 million provided in 2012-13 was allocated to repay \$42.7 million of the 2009-10 workload reductions and \$6.2 million of 2011-12 reductions, with the remaining \$1.1 million used to fund a new center. Statewide, the system ended 2012-13 with unfunded FTES of 6,910. Considering that there were more than 95,000 unfunded FTES in 2009-10, this represents a significant improvement in the alignment of funding with the number of students being served.

Finally, it should be noted that any time a change in Total Computational Revenue (TCR) occurs, the EPA allocations must be recalculated. So there will be small differences in the amount of general apportionment vs. EPA funds each district receives, with very few districts seeing any significant change in their overall funding amount from the February 7th Recalculation.

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>

Cooperative Agencies Resources for Education (CARE): The First Principal Apportionments (P1) report allocates \$9,327,157 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 three (3) colleges (districts): Bakersfield (Kern CCD), Feather River (Feather River CCD), and Moreno Valley (Riverside CCD).

Extended Opportunity Programs and Services (EOPS): The First Principal Apportionment (P1) report allocates \$79.176 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 Reedley College.

Disabled Student Programs and Services (DSPS): The 1st principal (P1) apportionment period reflects the allocation of the majority of the \$84.2 million directed to colleges by the California State Legislature in 2013-14. Approximately \$70 million of these funds were allocated to the college programs based on the established DSPS allocation formula. Additionally, \$7.7 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>

Matriculation Credit -: The 2013-14 First Principal Apportionments report (P1) for Credit Matriculation allocates \$75,452,000 to operate the 113 SSSP programs. This P1 also includes \$500,000 allocated to Pasadena Area CCD for the set-aside contract.

Matriculation Non-Credit -: The 2013-14 First Principal Apportionments report (P1) for Non-Credit Matriculation allocates \$9,381,000 to the districts who have non-credit programs.

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.

Chancellor's Office Contact Information

General Apportionment contact: Randy Fong at (916) 327-6238 or via email at rfong@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
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

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
Cheryl Fong
(916) 323-5954

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

Instructional Equipment & Library Materials
Hoang Nguyen
(916) 327-5363

Scheduled Maintenance and Repair
Hoang Nguyen
(916) 327-5363

Credit / Non Credit Matriculation
Debra Sheldon
(916) 322-2818

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

Telecommunications Allocations
Bonnie Edwards
(916) 327-5899