

**CALIFORNIA COMMUNITY COLLEGES  
CHANCELLOR'S OFFICE**

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## BACKGROUND MEMO/INFORMATION

2013-14 Second Principal Apportionment

and

2012-13 Revised Recalculation – June 2014

**SYNOPSIS:** The 2013-14 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/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" <sup>1</sup>	First Principal Apportionment

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

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<sup>1</sup> 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 *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 June 2014.

The 2013-14 Second Principal Apportionment (P2) allocations for June 2014 are based on each district's certified April 30<sup>th</sup> P2 Full Time Equivalent Student (FTES) along with each county's April 15<sup>th</sup> estimate of current year district property tax and each district's April 15<sup>th</sup> 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 way 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 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 workload reductions.

After repaying all eligible 2009-10 workload reduction cuts, 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 P2, growth funding has been allocated with \$5 million going toward the 2009-10 reduction and \$81 million applied to the 2011-12 reduction. This is subject to change at 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.

**General Apportionment Deficit:**

The statewide deficit at P2 is \$89 million or 1.58%; however, this figure is somewhat distorted by the point-in-time data used in the P2 calculations. At P1 the deficit was \$226 million or 4%. The majority of the large decrease in deficit from P1 to P2 is attributable to the State Controller's Office directing us to distribute more EPA funds than originally estimated, **but this increase will be offset by a reduction in state general fund revenue that has not occurred yet.** We expect two adjustments to be made to our funding: a decrease of \$79 million to offset the increased EPA funding, and an increase of \$108 million for the RDA backfill. The net effect will be a lowering of the deficit by approximately \$29 million, leaving a potential deficit of \$60 million or just over 1% at the end of the year if nothing else changes.

Deficits arise from shortfalls in various sources of revenue. For P2, property taxes as estimated by the counties in April 2014 came in approximately \$178 million lower than the Department of Finance (DOF) estimate at the beginning of the fiscal year. This figure includes the \$108 million from Redevelopment Agency (RDA) residual payments and asset liquidations that will be backfilled, but there is no promise of backfill on the \$70 million of "regular" property taxes. Likewise, enrollment fees reported by districts in January also came in lower than DOF estimated at the beginning of the year, by approximately \$12 million, and there is no guaranteed backfill for these either. It should be noted, however, that these numbers tend to fluctuate significantly throughout the year, and it is impossible to estimate where they will ultimately end up.

Several other factors contribute to the deficit, including stability restoration of more than \$33 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 second period of 2013-14 decreased by 3,586 FTES from P1, going from 1,124,481 to 1,120,913 FTES in the current year. This represents a decrease of approximately .3%. FUNDED statewide FTES at P2 was 1,107,367 which left more than 13,500 unfunded FTES in the system. Restoration of prior year declines resulted in an increase in total FTES of about 7,300 FTES.

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

**Revised 2012-13 Recalculation:**

The 2012-13 Recal has been revised for several reasons. First, some districts' FTES levels were reduced as a result of audit findings. This reduces the amount of funding they are eligible to receive, and may result in a slight increase in funding to other districts. Secondly, there were some EPA funds that were overpaid to a couple of districts, and those funds are being redistributed to all other districts as they are recollected. This process will continue in the next quarterly allocation of EPA funds in September, so on the Exhibit D there is an Unpaid Balance column at the end of the EPA line. You will receive these funds in September.

Finally, some minor adjustments have been made to individual districts' funding, but whenever any change is made to Total Computational Revenue (TCR), the EPA allocations must be recalculated.

## 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, adjusted proportionally to the level of the 2009-10 cut.

Below are narrative descriptions for some of the categorical programs funded through the P2 Apportionment.

**Basic Skills:** Website URL with additional information

<http://extranet.cccco.edu/Divisions/AcademicAffairs/BasicSkillsEnglishasaSecondLanguage.aspx>

**Cooperative Agencies Resources for Education (CARE):** The FY 2013-2014 Second Principal Apportionments Report (P2) for CARE is in the amount of \$9,320,657. The CARE P2 reflects revised allocations to the districts as of May 23, 2014, specifically one-time adjustments made to the CARE allocations at these districts: Feather River CCD (Feather River); Gavilan CCD (Gavilan); Kern CCD (Bakersfield); Palomar CCD (Palomar); Peralta CCD (Alameda); and Riverside CCD (Moreno Valley).

**Extended Opportunity Programs and Services (EOPS):** The FY 2013-14 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 #C13-0353, which is in effect from July 1, 2013 through October 31, 2014. The EOPS P2 also reflects one-time adjustments to increase the program allocations at Los Angeles Trade Technical College and Ventura College 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):** Disabled Student Programs and Services (DSPS): The FY 2013-14 Second Principal Apportionment report (P2) for DSPS totals \$84,223,000. In P2 colleges received an additional \$212,501 in redirected PADS funds and unspent grant funds, in addition to DHH funds returned by the colleges. The DSPS P2 reflects one-time adjustments to increase DSPS program allocations by \$4,945 at colleges that requested DSPS P2 funding by the deadline, and \$666 in DHH funding at colleges that requested P2 DHH funding by the deadline and promised the appropriate match. Allocations at all of the other colleges remain unchanged from the P1. P2 totals may also be found at our website under "DSPS allocations":

<http://extranet.cccco.edu/Divisions/StudentServices/DSPS/Allocations.aspx>

**Matriculation Credit -:** The 2013-14 Second Principal Apportionments report (P2) for Credit Matriculation allocates \$75,452,000 to operate the 113 SSSP programs. This P2 also includes \$500,000 allocated to Pasadena Area CCD for the set-aside contract.

**Matriculation Non-Credit -:** The 2013-14 Second Principal Apportionments report (P2) for Non-Credit Matriculation allocates \$9,381,000 to the 57 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 - (916) 327-6238  
[rfong@cccco.edu](mailto:rfong@cccco.edu)

**Categorical Apportionments contact:**

Patricia Servin - (916) 445-1163  
[pservin@cccco.edu](mailto:pservin@cccco.edu)

**Categorical Program contacts:**

Apprenticeship  
John Dunn  
(916) 445-8026

Basic Skills  
LeBaron Woodyard  
(916) 445-1780

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

Disabled Students Program and Services  
(DSPS)  
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