

**CALIFORNIA COMMUNITY COLLEGES
SYSTEM OFFICE**

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September 19, 2007

TO: Chief Business Officers

FROM: Erik Skinner, Vice-Chancellor
College Finance and Facilities Planning

SUBJECT: 2007-08 Advance Apportionment for Community Colleges

SYNOPSIS: The 2007-08 Advance Apportionment – September Revision for community college districts has been certified and the detailed information is available on the Chancellor's Office Fiscal Services Unit web site

(<http://www.cccco.edu/cccco/fiscal/apportionment/reports/apportionment.htm>).

THE CHANCELLOR'S OFFICE BASED THIS ALLOCATION ON SENATE BILL 77 (DUCHENY), STATUTES OF 2007-08, AND ON THE FTES AND REVENUE NUMBERS FROM THE 2005-06 P2 AS UPDATED WITH THE ANNUAL FTES PER THE JULY 15, 2007, APPORTIONMENT ATTENDANCE REPORT (CCFS 320).

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":	Summary of One-Time Funds
Exhibit "B-4":	Monthly Payment Schedule

Attached is additional background information.

Action/Date Requested: Information.

Contact: Questions regarding apportionments should be referred to the following individuals:

Apprenticeship – Barry Noonan (916) 445-8026

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

Disabled Student Allowance and Residents of State Hospitals -
Scott Berenson (916) 322-3234

Economic Development – Anita Rios (916) 324-3791

Extended Opportunity Programs and Services - Barbara Kwoka
(916) 323-5953

Faculty and Staff Diversity - Tosh Shikasho (916) 323-4990

Basic Skills – Juan Cruz (916) 327-2987

Instructional Equipment & Library Materials – Dan Estrada (916) 324-8901 or
Lan Yuan (916) 323-5957

Scheduled Maintenance and Repair – Dan Estrada (916) 324-8901 or
Lan Yuan (916) 323-5957

Credit / Non Credit Matriculation - Arnold Bojorquez (916) 323-0799

Student Financial Aid Administration – Patty Falero (916) 323-6877

TANF and CalWORKs – Patricia Servin (916) 327-5890

Telecommunications Allocations – Catherine McKenzie (916) 322-0833

Vocational & Applied Technology & Education Act (VATEA) -
Robin Harrington (916) 322-6810

All other questions may be addressed to Ed Monroe at (916) 327-6226, or Email at emonroe@cccco.edu

Attachment
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Note: The September revision of the Advance Apportionment incorporates the following revisions:

- 1. The removal of previous Basic Skills/ESL apportionment vetoed by the Governor just prior to enactment of the Budget Act. Pending enactment of AB 194, which restores the Basic Skills/ESL appropriation and specifies a revised allocation methodology, those funds will be allocated in a subsequent revision of the 2007-08 Advance Apportionment.**
- 2. State Career Technical Education: \$ 8 million of the Governor's Career Technical Education Initiative funds are provided in the Advance Apportionment for districts that have applied for and received grants from the Chancellor's Office to expand their CTE programs. This represents 50% of the grant funds. The remaining 50% will be disbursed through the apportionment process in FY 2008-09. Details on the grants will be available on the Governor's Career Technical Education Initiative website. Questions regarding these allocations should be directed to Jackie Escajeda of the Chancellor's Office at (916) 327-2066 or jescajeda@cccco.edu**

The State general revenue for the 2007-08 Advance Apportionment is calculated pursuant to Title 5 regulations derived from the enactment of Senate Bill 361(Scott), and the provisions of Item 6870-101-0001 of the Budget Act of 2007. Total and monthly certified allocations by program in this apportionment 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-2C. Appropriation of one-time funds and reappropriations are shown on Exhibit B-3. Exhibit B-4 provides the payment schedule by county for July 2007 through January 2008.

The Chancellor's Office based the 2007-08 July and August allocations on the preliminary Budget Act, Senate Bill 77 and the proposed Conference Report Number 1 of July 9, 2007, along with each district's certified July 15th Actual Full Time Equivalent Student (FTES) measures as certified on the CCFS 320. The incorporation of the system's Actual FTES was possible only because of the delay in the enactment of the 2007-08 Budget Act. The allocations included in the 2007-08 Advance Apportionment are determined as follows:

- 1. State General Apportionment:**
 - (a). Base revenues are equal to prior year total computational revenue, exclusive of budget stability, based on a recalculation of the total

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computational revenue using the certified July 15 Actual FTES. Base revenues for the Advance are also based on the certified July 15 Actual FTES.

(b). **General Apportionment Exhibits** – Since the Advance apportionment was prepositioned to expedite its disbursement to the districts, the veto (set-aside) of the basic skills appropriation made those allocations obsolete. To prevent further funding delay, the July and August Basic Skills amounts reflected in the prepositioned apportionment documents have been funded with additional general apportionment funds. As a result, the general apportionment allocation for all districts will be updated beginning with the September allocation.

(c). The additional \$13.8 million included in the preliminary budget to further increase the funding rate Career Development and College Prep non-credit FTES was not included in the Advance Apportionment base calculation. As a result, its veto by the Governor does not result in an additional adjustment to the Advance.

(d). A 4.53 percent Cost-of-Living Adjustment was provided.

(e). **Growth & Restoration Funding:** District growth rates utilize the program based funding methodology and are based on a blend of (1) the rate of change in local adult population, and (2) the change in local high school graduation rates. This amount may then be increased to achieve growth sufficient to allow a minimum growth of one percent or 100 FTES. Growth rate adjustments for FTES generated through new facilities coming online in calendar year 2007 will be incorporated into the P1 growth rates.

Advance Apportionment Assumptions: Advance Apportionment assumptions for growth and restoration are based on the recalculation of the P2 using the certified FTES reported on the July 15 CCFS 320.

The Advance apportionment utilizes several assumptions to allocate the available growth appropriation. The funding model assumes that all districts receiving stability per the recalculated 2006-07 P2 or with other unrestored balances within the “3-year restoration window” (2004-05 through 2006-07) will fully restore all eligible restoration during 2007-08 if that amount is less than or equal to 1% of the district’s total base revenue. If potential restoration within the 3-year restoration window is greater than 1% of a district’s total base revenue, the district is assumed to restore 60% of its potential restoration.

For districts without eligible restoration, the Advance allocates available growth revenue equal to 75% of the district’s allowable growth computed using the preliminary growth rates provided in early 2006-07. For districts that received stability in 2006-07 but in an amount less than or equal to 1% of their current base revenue, the Advance allocates growth revenue

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equal to 50% of the district's total allowable growth. For districts that received stability in excess of 1% of their current base revenue, the Advance allocates 10% of the district's allowable growth. Using these assumptions, the Advance funding model estimated total fundable growth of approximately **\$101.5 million** based on apportionment funding revisions incorporated into this September revision. Based on this estimate and the available growth appropriation of \$97.532 million, revised district growth rates and growth caps are being determined to ensure that total allowable funding does not exceed the system's State growth appropriation.

(d). **Property Tax Revenue**

Property tax revenues (including ERAF) were projected at the level proposed in the 2007-08 May Revision, which is \$2.056 billion. Each district's 2007-08 estimated property tax revenue was determined by increasing each district's 2006-07 P2 reported property taxes by 6.1 percent. Statewide, property taxes are projected to increase \$118 million from the 2006-07 P2 estimates.

(e). **Student Fees**

The 2007-08 May Revision projected student fee revenue of \$283.7 million, which is \$27 million lower than the 2006-07 Second Principal Apportionment's estimated fee revenues. Each district's 2007-08 estimated student fee revenue was determined by decreasing each district's 2006-07 P2 reported student fee revenue by approximately 8.6 percent.

2. **Apprenticeship Allowance:** Advance Apportionment 2007-08 Certification for Apprenticeship Hours of Attendance: The 2007-08 Advance Apportionment is based on 83% of the 2006-2007 P2 end-of-year projection figure reported by each district.

The 2007-08 advance apportionment was based on the assumption that the 2006-07 Apprenticeship appropriation of \$15,229,000 will continue at the same level for 2007-08. It is also anticipated that the hourly rate will be increased to \$5.06 per attendance hour. Mira Costa College's only apprenticeship program will not be conducted during 2007-08, thus no funding is shown.

If you have any questions, contact Barry Noonan at bnoonan@cccco.edu

3. **ESL/Basic Skills:** The initial Advance apportionment originally allocated \$31.5 million for basic skills based on an appropriation contained in the Budget Bill as passed by the Legislature. These funds have been vetoed by the Governor.

The Governor vetoed \$33.1 million Proposition 98 General Fund from the Budget Act and set these funds aside for the Community Colleges in anticipation of legislation that would appropriate this amount to support activities designed to increase the rate of successful outcomes

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for students who are not adequately prepared for college-level work. Assembly bill 194 is currently awaiting action within the Governor's Office. Once enacted, we will take appropriate action to revise the existing Advance apportionment.

4. Board Financial Assistance Student Aid Administrative Allowance Program (\$10.170 million), using this figure, the advance allocations are based on the most recent full year of reconciled MIS data (2005-06). Colleges receive a fair share allocation based upon their campus BOGFW participants as a percentage of the system-wide totals. The minimum allocation is equal to \$12,500 per college and all colleges are typically guaranteed an allocation equal to 90% of prior year allocations provided funding is available. Penalties apply for failing to return or de-obligate prior year (2005-06) funding and offset the Base and/or Augmentation funding. The funding requires colleges to meet the statutory maintenance of effort (MOE) requirements. Additional revisions to the college allocations may be made during P-1 or P-2 to reflect any funding returned or de-obligated for the current year (2007-08) and the re-distribution of that funding to colleges requesting additional resources.

Board Financial Assistance Program Student Aid Administrative Allowance Capacity Funding for Increased Participation and Outreach (\$34.2 million). Using this figure, the advance allocations are based upon the most recent full year of reconciled MIS data (2005-06) reflecting MIS calculated FTES and Board of Governor Fee Waiver Recipients. Colleges will receive a minimum base allocation of \$50,000 with the remainder of the funding allocated based upon each college's FTES and BOGFW recipients as a percentage of the system-wide totals in each category.

The weighting for distribution is 50% FTES and 50% BOGFW recipients. Penalties apply for failing to return or de-obligate prior year (2005-06) funding and offset the Base and/or Augmentation funding. This year we held back \$1,500 per college for a total of \$165,000 to be released in P-1 or P-2 once the colleges post Spring FA Awareness activities /event(s) to the icanaffordcollege.com website. The funding requires colleges to meet the MOE requirements specified in the budget act and tied to District or College Financial Aid Administrative Spending for 2001-02. Revisions to the college allocations may be made during P-1 or P-2 to reflect any funding returned or de-obligated for the current year (2007-08) and the re-distribution of that funding to colleges requesting additional resources.

Board Financial Assistance Program Two Percent funding for administration related to fee waivers. (\$4.47 million) Using this figure, the advance allocations are based upon the most recent full year of reconciled MIS data (2005-06) reflecting the dollar value of Board of Governor Fee Waivers. Colleges receive a fair share allocation based upon their BOGFW dollar value as a percentage of the system-wide totals.

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Penalties apply for failing to comply with the college/district MOE requirements in prior years. Revisions to the college allocations may be made during P-1 or P-2 to account for adjustments resulting from appeals or MOE penalties and in R-1 to distribute any unused money.

5. **Partnership for Excellence (PFE):** The 2004-05 Budget Act specified that budgeted partnership funds were to be made available to districts “in the same manner” as general apportionment funding. Subsequent Department of Finance calculations “folded” that entitlement into the system’s total base entitlement. Locally-funded (basic aid) districts receive these funds in a similar manner consistent with their entitlement as originally stated in the 2004-05 budget language which provided that such funds would “be made available to each district notwithstanding the basic aid status of any district.” Provision 4 of the Item 6870-101-0001 of the 2007-08 Budget Act reiterates that these funds are meant to encourage district-level accountability efforts pursuant to section 84754.5 of the Education Code.

6. **Physical Plant and Instructional Support:**
Maintenance and Special Repairs. The Budget Act appropriated \$13.7 million for scheduled maintenance and special repairs of facilities. The Advance allocation is based on FTES at the 2006-07 P2. The minimum allocation per district for maintenance and special repairs is \$100,000. Final district allocations will be revised based on the actual 2006-07 Recalculation FTES; monthly apportionment payments may be adjusted at the P1 to reconcile total payments to the recalculated entitlement.

These funds are available for (1) scheduled maintenance and special repairs of facilities, (2) hazardous substances abatement, cleanup, and repairs, and (3) architectural barrier removal projects that meet the requirements of the federal Americans with Disabilities Act of 1990 and seismic retrofit projects limited to \$400,000. Districts that receive funds for architectural barrier removal projects shall provide a one-to-one match with the State. The following conditions are associated with receipt and expenditure of these funds:

For maintenance or special repairs, a district shall certify that it will increase its operations and maintenance spending from the 1995-96 fiscal year by the amount it allocates from this appropriation for maintenance and special repairs, plus a one-to-one match by the recipient district for any state funds expended from this appropriation. The chancellor may waive all or a portion of the matching requirement based upon a review of a district’s financial condition. The question of whether a district has complied with its resolution shall be reviewed under the annual audit of that district.

For architectural barrier removal projects that meet the requirements of the federal Americans with Disabilities Act of 1990 and seismic retrofit projects

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limited to \$400,000, recipient districts shall provide a one-to-one match for any state funds expended from this appropriation.

Instructional Equipment and Library Materials. The Budget Act appropriated \$13.7 million for replacement of instructional equipment and library materials. The Advance allocation is based on FTES at the 2006-07 P2. The minimum allocation per district for instructional equipment and library materials is \$100,000. Final district allocations will be revised based on the actual 2006-07 Recalculation FTES; monthly apportionment payments may be adjusted at the P1 to reconcile total payments to the recalculated entitlement. For every \$3 a district expends from this appropriation for replacement of instructional equipment or library materials, the recipient shall provide \$1 in matching funds. The chancellor may waive all or a portion of the matching requirement based upon a review of a district's financial condition. The funds provided for instructional equipment and library materials shall not be used for personal services costs or operating expenses. The question of whether a district has complied with its resolution shall be reviewed under the annual audit of that district.

7. **Extended Opportunity Programs and Services (EOPS):** The Advance Apportionment allocates to each college 95% of the previous year's approved allocation. Colleges will receive notification of their current year allocation based upon an approved Board of Governors allocation formula for EOPS in October, which will be reflected in the first principal apportionment (P1).
8. **Cooperative Agencies Resources for Education (CARE):** Preliminary allocations are equal to 95 percent of the 2006-2007 final allocation, exclusive of any special one-time augmentations or fiscal penalties, are included in the Advance. The System Office will determine the 2007-2008 CARE final allocations from the Board of Governors-approved program allocations funding formula upon verification of the 2006-2007 management information system (MIS) CARE annual unduplicated student headcounts reported by the districts. The 2007-2008 CARE final allocations will be officially posted in the first principal apportionments reports (P-1).
9. **Disabled Student Programs and Services.** The Advance Apportionment allocates \$89.1 million based on 95 percent of the 2006-07 final allocation, exclusive of any special allocations and is less than the \$114.4 million included in the Budget Act. The remaining \$25.3 million will be allocated at the First Principal Apportionment (P1). Included in the total allocation is \$9.6 million to support high-cost language interpreter services, real-time captioning equipment and other communication accommodations for hearing-impaired students. The \$9.6 million will be distributed by formula and will include a 4 to 1 state to local district match requirement. The full allocation for DSP&S will be posted on the Community College System

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Office website, Student Services Division, DSP&S at this URL:
<http://www.cccco.edu/divisions/ss/disabled/dsps.htm>

10. **Credit/Noncredit Matriculation** – The 2006-07 Matriculation advance apportionment allocations are based upon the 95% guarantee of the past year's allocation for credit Matriculation and 50% of the past year's allocation for noncredit Matriculation. There is a 3:1 (district: state) and 1:1 dollar match required for funds allocated to the districts for the Matriculation Credit and Noncredit programs, respectively. The full allocation for Matriculation will be posted on the state Chancellor's Office website, Student Services Division, Matriculation at this URL:
<http://www.cccco.edu/divisions/ss/matriculation/matriculation.htm>

11. **Board Financial Assistance Program Student Aid Administrative Allowance Capacity Funding for Increased Participation and Outreach (\$34.2 million)**. Using this figure, the advance allocations are based upon the most recent full year of reconciled MIS data (2005-06) reflecting MIS calculated FTES and Board of Governor Fee Waiver Recipients. Colleges will receive a minimum base allocation of \$50,000 with the remainder of the funding allocated based upon each college's FTES and BOGFW recipients as a percentage of the system-wide totals in each category. The weighting for distribution is 50% FTES and 50% BOGFW recipients. Penalties apply for failing to return or de-obligate prior year (2005-06) funding and offset the Base and/or Augmentation funding. This year we held back \$1,500 per college for a total of \$165,000 to be released in P-1 or P-2 once the colleges post Spring FA Awareness activities /event(s) to the icanaffordcollege.com website. The funding requires colleges to meet the MOE requirements specified in the budget act and tied to District or College Financial Aid Administrative Spending for 2001-02. Revisions to the college allocations may be made during P-1 or P-2 to reflect any funding returned or de-obligated for the current year (2007-08) and the re-distribution of that funding to colleges requesting additional resources.

12. **Board Financial Assistance Program Two Percent funding for administration related to fee waivers (\$4.47 million)**. Using this figure, the advance allocations are based upon the most recent full year of reconciled MIS data (2005-06) reflecting the dollar value of Board of Governor Fee Waivers. Colleges receive a fair share allocation based upon their BOGFW dollar value as a percentage of the system-wide totals. Penalties apply for failing to comply with the college/district MOE requirements in prior years. Revisions to the college allocations may be made during P-1 or P-2 to account for adjustments resulting from appeals or MOE penalties and in R-1 to distribute any unused money.

13. **Faculty and Staff Diversity**: The 2007-08 Advanced Apportionment allocates \$1.3 million of the \$1.7 million included in the final Budget Act. The remaining balance of \$0.4 million is authorized to be withheld by the

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Board of Governors pursuant to education code section 87108(b) for technical assistance, service, monitoring, and compliance functions. Pursuant to title 5, section 53030(b), the allocation is \$0.69133 per 2006-07 P2 FTES plus a base amount of \$7,279.16 for each district.

14. **Telecommunications and Technology (TTIP):** TTIP funding for 2007-08 totals \$26,197,000. The TTIP funds used for allocation total \$12,500,000, the same as in previous years. The TTIP funds will continue to fund library on-going electronic resources and data and video network connections and usage to the California Research and Education Network (CalREN), the California K-20 education network. In the August 2007 Advance Apportionment, TTIP funds will allocate the library on-going electronic resource funds at \$4,000,000, which therefore provides \$36,363 for each funded college (110 colleges).

At the advance apportionment, funds will also be placed at the CCC Technology Center (Butte College) to pay the CalREN invoices on behalf of the colleges/districts. Following the payment of all invoices and estimates, TTIP funded colleges and district offices will receive any unused funds at P2 in the Total Cost of Ownership (TCO) Category.

15. **TANF:** TANF funds are projected to be \$8 million and are comprised entirely of federal dollars. In the advance allocation, districts are guaranteed 95% of the prior year allocation. The CalWORKs programs are notified of their entire TANF allocation when the program plan process is initiated at mid August. At that time the full allocation for TANF is posted on the CalWORKs portion of the state Chancellor's Office website, Student Services Division, CalWORKs at this URL:
<http://www.cccco.edu/divisions/ss/calworks/calworks.htm>
16. **CalWORKs:** State Proposition 98 CalWORKs funding is projected at \$52.58M. Of this amount \$9 million is dedicated for CalWORKs work-study and job development/placement (\$8 million for work-study and \$1 million for job development/placement). In the advance allocation, districts are guaranteed 95% of the prior year initial allocation. There is a 1:1 dollar match required for funds allocated to the district for the CalWORKs program with the exception of funds for the CalWORKs child care services. The full allocation and adjustments for CalWORKs will be posted on the CalWORKs portion of the state Chancellor's Office website, Student Services Division, CalWORKs at this URL:
<http://www.cccco.edu/divisions/ss/calworks/allocations.htm>
17. **Economic and Workforce Development.** The Economic and Workforce Development portion of the Advance Apportionment reflects the Governor's Proposal for the 2007-08 Budget (\$46,790,000).

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18. **VTEA Funds.** This federally funded categorical program is no longer funded through the apportionment process effective as of the 2006-07 fiscal year. Funding in 2006-07 and subsequent years will be provided through the grants and contracts unit of the System Office. Any questions regarding this change should be directed to Chuck Wiseley of the System Office at 916-327-5895.
19. **Child Care Tax Bailout Funds.** The 2007 Budget Act contains \$6.836 million for 25 districts eligible for child care tax bailout funding. Funding for this item was transferred from California Department of Education's budget to the California Community Colleges budget effective for the 2006-07 fiscal year. The Child Care Tax Bailout funds are to be used solely for direct operating expenses of on-campus child care & development centers. Questions concerning the program should be directed to Lucy Berger at 916-323-5276.
20. **Nursing Education:** \$10.6 million in nursing funds are provided in the Advance Apportionment for districts that have applied for and received grants from the Chancellor's Office to expand nursing programs. Questions concerning the nursing education allocations should be directed to Brenda Fong of the System Office at 916-323-2758 or bfong@cccco.edu
21. **Payment Schedule.** The district payment schedule for July 2006 through January 2007 is shown on Exhibits A and B-4. Generally, payments for all programs (except where noted with certain categorical programs and the one-time funds listed below) for the months of July 2006 through January 2007 are equal to 8%, 8%, 12%, 10%, 9%, 5%, and 8% of each program, respectively.

One-Time Funds:

All one-time funds are provided to districts as lump-sum allocations in the 2007-08 Advance and are available for encumbrance and expenditure until June 30, 2008. **The allocation of these funds uses P2 2006-07 FTES and will be updated to reflect each district's final 2006-07 Recalculation FTES.**

Physical Plant and Instructional Equipment: The 2007-08 Budget Act provides \$8.084 million in one-time funds to districts to be expended for maintenance and special repairs or for instructional equipment and library materials at the discretion of the district. The minimum district allocation of these one-time funds is \$75,000. Questions regarding the program should be directed to Dan Estrada at the System Office at 916-324-8901 or destrada@cccco.edu