
CALIFORNIA COMMUNITY COLLEGES

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March 27, 2009

TO: Chief Business Officers

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

SUBJECT: 2008-09 First Principal Apportionment (P1) **MARCH REVISION**

SYNOPSIS: The 2008-09 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://www.cccco.edu/SystemOffice/Divisions/FinanceFacilities/FiscalServices/AllocationsSection/AppportionmentReports/tabid/329/Default.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-2D":	Categorical Apportionments - Part 4
Exhibit "B-4":	Monthly Payment Schedule
Exhibit "C"	First Principal Apportionment

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

Background Information

IMPORTANT NOTE: The February P1 Apportionment allocation was based on the 2008-09 Budget Act enacted on September 28, 2008. This updated apportionment, P1 Apportionment March Revision, is based on the revised 2008 Budget Act signed by the Governor on February 20, 2009 and includes the elimination of the .68% COLA and the new payment deferrals.

Due to a problem, however, within the apportionment funding model that could not be fully remedied prior to issuing the P1 March Revision, the certified amounts on Exhibits A & B for each districts' general apportionment do not match the state general apportionment amount shown on the Exhibit C (Section VIII-c). Because of this problem, the monthly payments may have minor errors. **We will repost the corrected exhibits in April.**

The state general revenue on the 2008-09 First Principal Apportionment (P1) is calculated pursuant to the funding provisions of SB 361 as incorporated in the regulations of Title 5 of the California Code of Regulations, Sections 58770, et. al. and provisions of Item 6870-101-0001 of the Budget Act of 2008.

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-2D. Exhibit B-4 provides the payment schedule by county for February 2009 through May 2009.

The 2008-09 First Principal Apportionment (P1) allocations for February through May 2009 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 property tax and each district's January 15th estimate of annual enrollment fee revenue for the current year.

GENERAL ISSUES

Base revenues are equal to prior year total computational revenue exclusive of budget stability. There is no Cost-of-Living Adjustment is included in the P1 March Revision.

Overall, the reported total statewide FTES for the first period of 2008-09 increased by 57,428, going from 1,182,627 in 2007-08 to 1,239,992 FTES at the 2008-09 P1, for a year-to-year increase of 4.86 percent. Districts restoring prior year declines represented roughly 11,645 FTES. Total funded growth (FTES funded above their 2008-09 base) represented approximately 24,409 FTES. Districts with declining FTES and eligible for Stability funding represented -3,451 FTES.

The marginal funding rates for both growth and restoration during 2008-09 are calculated from rates specified in SB 361 for 2006-07 and then adjusted for inflation. These rates are displayed at the top of the page on each district's Exhibit C.

Deferrals – The 2008-09 budget revision enacted February 20, 2009, revised the amount and timing of general apportionment deferrals as compared to previous years. A total amount of

\$540 million will now be deferred from 2008-09 until July 2009. These deferrals as specified in the revised 2008 Budget Act consist of the following:

- \$115 million deferment of general apportionment in January 2009 (new)
- \$115 million deferment of general apportionment in February 2009 (new)
- \$55 million deferment of general apportionment in March 2009 (new)
- \$55 million deferment of general apportionment in March 2009 (new)
- \$200 million deferment of general apportionment in June 2009

In addition, \$200 million of 2009-10 general apportionment will be deferred from the July 2009 apportionment allocation until October 2009.

The above deferrals replace the \$245 million deferral included with the original 2008 Budget Act.

Growth – Districts' total *actual* growth was revised to \$274.7 million (including \$5.4 million in growth for basic aid districts) with the March P1 revision. The 2008 Budget Act provides only \$113.5 million in state general fund for new growth. The Chancellor's Office funded all FTES growth up to the Budget Act amount of \$113.5 million, less \$7.1 million required to fund increases in the basic foundation allocation and constrained (deficit) each district's growth appropriately. This growth deficit is separate from the existing general deficit reduction. Reductions in a district's growth are determined by comparing the district's actual growth revenue to its revenue growth cap. Those districts with the largest percentage of growth above their growth revenue cap are the first districts reduced in any growth deficit scenario. Growth in excess of the Budget Act growth appropriation has resulted in an overall growth deficit of \$162.9 million.

Unfunded FTES - The system served over 52,900 full-time students (FTES), equal to over 100,000 total students, above the amount provided in the state budget, equating to \$236.6 million in lost funding to college districts to cover the cost of serving these students.

- Over 36,600 unfunded FTES (92.7% credit FTES) equivalent to an overall loss of \$162.9 million resulted from unfunded growth
- Over 16,300 unfunded FTES (\$73.7 million) resulted from a combination of a local revenue shortfall and the general fund structural deficit, described below.

Property Tax, Student Fee Shortfalls and the General Deficit – Total property tax revenue within the system came in below the 2008 Budget Act amount, resulting in a revenue shortfall of approximately \$33 million. Student fee revenue also came in below Budget Act estimates by \$3 million. In addition to this \$36 million local revenue shortfall, the system also experienced a structural deficit of approximately \$37.7 million caused by an \$80 million base reduction in 2007-08. The total general deficit, therefore, equals \$73.7 million. Title 5 section 58779 provides that to the extent a deficit is caused by a revenue shortfall of either State or local resources, that deficit shall be mitigated by adjusting each district's entitlement by the ratio of total available revenue to the total unadjusted system entitlement. In other words, each district's total entitlement or Total Computational Revenue was adjusted proportionally using the deficit coefficient of 0.987013.

Restoration & Stability – Restoration eligibility for 2008-09 has been calculated to restore previously un-restored base FTES declines from 2005-06 through 2007-08. Restoration revenue allows restoration of base FTES previously lost due to any base declines during the three-year restoration window indicated above. Total restoration by districts in 2008-09 amounted to \$52.0 million out of a total eligible restoration potential of \$91.9 million.

Stability payments in 2007-08 amounted to \$42.8 million. This 2007-08 stability amount has been added to the amount of eligible restoration not restored from the prior two fiscal years to become the amount of outstanding restoration eligible to be restored in 2008-09 or \$91.9 million (2005-06 = 23.7 million, 2006-07 = 25.4 million, and 2007-08 = 42.8 million). Stability payments as of the 2008-09 P1 amounted to \$16.0 million.

CATEGORICAL PROGRAMS

EOPS. The First Principal Apportionment allocates \$106.45 million and is slightly less than the \$106.78 million included in the final State Budget Act. The P1 apportionment reflects the actual current year allocations for the EOPS programs based on the approved Board of Governors allocation formula. The remaining funds are being held for statewide activities.

Faculty and Staff Diversity (Equal Employment Opportunity). The 2008-09 First Principal Apportionment (P1) allocates \$1.1 million of the \$1.747 million included in the 2008 Budget Act. The balance of \$0.437 million is authorized to be withheld by the Board of Governors pursuant to education code section 87108(b) for technical assistance, service, monitoring, and compliance functions. The remaining balance of \$0.143 million is authorized for the districts but being held due to the expected \$0.4 million midyear cut. Pursuant to title 5, section 53030(b), the allocation is \$0.64365 per 2007-08 FTES plus a base amount of \$7,279 for each district.

Telecommunications and Technology Services (TTIP). TTIP funding for 2008-09 totals \$26,197,000. The TTIP funds will continue to fund on-going library electronic resources, data and video network connections and usage of the California Research and Education Network (CalREN), the California K-20 network. In 2008-09, the TTIP funds allocated the on-going library electronic resource funds at \$36,063 per funded college (111 colleges). At the advance apportionment, funds were placed at the CCC Technology Center (Butte College) to pay the CalREN invoices on behalf of the colleges/districts. TTIP funds are also used to fund statewide technology projects and services, such as @ONE (professional development), CCC Confer (e-conferencing), California Virtual Campus (Online Course Catalog, etc), CCC Technology Center (CENIC, CCCApply, CCCTran), 3CMedia Solutions/EduStream (satellite, streaming, etc) and CalPASS (Data Collection/Curriculum Alignment).

Disabled Student Programs and Services. The First Principal Apportionment reflects the final allocations of \$109.1 million for college DSP&S programs based on the established allocation formula. This includes \$9.6 million for hearing impaired expenses which require a 1:4 (district:state) dollar match. An additional \$1.5 million for state hospital programs at three colleges and additional \$4.4 million for DSP&S grant programs at five districts are also included

in the apportionment. The full allocation for DSP&S is posted on the state Chancellor's Office website, Student Services Division, DSP&S at this URL:

<http://www.cccco.edu/SystemOffice/Divisions/StudentServices/DSPS/tabid/616/Default.aspx>

TANF. The First Principal Apportionment reflects the final allocations of TANF funds for the Districts' CalWORKs programs based on the established allocation formula and adjusted by the approved request for allocation adjustments made by the districts. The full allocation and adjustments for TANF will be posted on the CalWORKs portion of the state Chancellor's Office website, Student Services Division, TANF at this URL:

<http://www.cccco.edu/SystemOffice/Divisions/StudentServices/CalWORKs/tabid/583/Default.aspx>

CalWORKs. The First Principal Apportionment reflects the final allocations of CalWORKs funds for the District's CalWORKs programs based on the established allocation formula and adjusted by the approved request for allocation adjustments made by the districts. 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/SystemOffice/Divisions/StudentServices/CalWORKs/tabid/583/Default.aspx>

Credit / Noncredit Matriculation. The First Principal Apportionment reflects the final allocations of Matriculation funds for the District's Matriculation programs based on the established allocation formula. There is a 3:1 and 1:1 (district:state) general fund dollar match required for funds allocated to the districts for the Matriculation Credit and Noncredit programs, respectively. The full allocation for Matriculation is posted on the state Chancellor's Office website, Student Services Division, Matriculation at this URL:

<http://www.cccco.edu/SystemOffice/Divisions/StudentServices/Matriculation/tabid/619/Default.aspx>

CARE. The First Principal Apportionment allocates \$15.505 million for college CARE programs based upon the approved Board of Governors allocations funding formula and reflects one-time adjustments for fiscal penalties that were imposed upon specific college programs that returned in excess of five percent of their base allocations after the end of FY 2006-07. These CARE programs were notified by the Chancellor's Office to anticipate one-time reductions in their 2008-09 program allocations: Crafton Hills (San Bernardino CCD), Merritt (Peralta CCD) and Shasta (Shasta CCD). The CARE P1 allocation for Yuba College includes funding in the amount of \$75,931 for Woodland Community College and \$252,734 for Yuba College. Furthermore, in accordance with Assembly Bill 318, Statutes of 2006 (Dymally), El Camino College Compton Center has been awarded categorical funds to operate a full-service CARE program, independent and separate from El Camino College, this fiscal year. The 2008-2009 CARE Final Allocations are posted on the California Community Colleges Student Services Division/CARE webpage at

<http://www.cccco.edu/SystemOffice/Divisions/StudentServices/CARE/tabid/589/Default.aspx>.

Economic and Workforce Development. The Economic and Workforce Development portion of the First Principal Apportionment reflects the Governor’s Proposal for the 2008-09 Budget (\$46,790,000).

Apprenticeship Allowance 2008-09 P1. The P1 Apportionment allocates the entire \$14,641,000 funded in the 2008 Budget Act. The hourly rate is \$5.06 for Apprenticeship Related and Supplemental Instruction (RSI). Calculation Method: The P1 2008-09 RSI calculation method uses dollars rather than RSI hours. This calculation method was used for the first time for the 2007-08 Recalculation. Figures may be fine tuned at P2 after the districts review the actual funding they received for the specific programs in the 2007-2008 Recalculation. If you have any questions, contact Barry Noonan at bnoonan@cccco.edu .

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 Students Program and Services and State Hospital Developmental Centers -
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

Career Technical Education – Ron Selge (916) 322-1677

Instructional Equipment & Library Materials - Lan Yuan (916) 323-5957

Scheduled Maintenance and Repair – 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