
CALIFORNIA COMMUNITY COLLEGES

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August 25, 2009

TO: Chief Business Officers
FROM: Erik Skinner, Vice Chancellor College Finance and Facilities Planning
SUBJECT: 2009-10 Advance Apportionment (**August Edition**)

This August Advance Apportionment updates the July Advance Apportionment for both the general apportionment and most of the categorical apportionment allocations for the 2009-10 Fiscal Year. This August Advance Apportionment is based on the recently enacted 2009-10 Revised *Budget Act* (ABX4-1) and other accompanying trailer bill legislation.

The August Advance Apportionment allocates funds to districts based on 2008-09 Second Principal Apportionment (P2) certifications. The P2 certifications are then adjusted to match the funding assumptions in the 2009-10 Revised *Budget Act*, which includes \$192 million (or a 3.39% reduction over the prior year) in net revenue reductions from the three principle general apportionment revenue sources consisting of property taxes, student fees, state general fund. A corresponding reduction in each district's Total Computational Revenue (TCR) has been calculated and was presented as part of the August Budget Workshops. State general apportionment allocations are summarized by county and district on Exhibit B-1. State categorical allowances are displayed on Exhibits B-2A through B-3. Exhibit B-4 provides the monthly county payment schedules for July 2009 through January 2010.

State General Apportionment:

- a) Base revenues are derived from prior year total computational revenue and funded FTES from the 2008-09 P2, exclusive of budget stability and one-time revenue adjustments.
- b) No growth appropriation or Cost-of-Living Adjustment is included in the 2009-10 Revised Budget Act.

c) **General Apportionment Deferrals:** The repayment of the 2008-09 deferral of \$540 million was disbursed to counties and districts on July 13, 2009. The repayment was followed shortly thereafter with an intrayear deferral of \$200 million from July 2009 which is to be repaid in October 2009. The July Advance Apportionment included this \$200 million deferral.

The January 2010 deferral of \$115 million also falls within the period covered by the 2009-10 Advance and has therefore been included in the anticipated general apportionment for January shown on the Advance Exhibit A for each district.

The remaining deferrals of \$115 million in February, \$55 million in March, \$136.5 million in April, \$81 million in May, and \$200 million in June will be included in subsequent apportionments. **An additional spreadsheet provides estimated general apportionment monthly payment after incurring the \$703 million deferral adjustments.**

The above deferral estimates will change as the 2008-09 Recalculation updates district base FTES and base revenue and as the First Principal Apportionment (P1) estimates are used to prepare the February 2010 apportionment.

Categorical Apportionment

Assembly Bill X4 1 revises the *2009-10 Budget Act* and makes substantial cuts to most of the CCC categorical programs. AB X4 1 exempts two programs from cuts (1% increase to Financial Aid and no cut to Foster Care), fully eliminates one program (Physical Plant/Instructional Equipment), and makes a range of cuts from 15% to 32% to the other categorical programs. The accompanying Table lists all the CCC categorical programs and shows the breakout of the federal and state funds that total to the AB X4 1 amounts.

In the revised Budget Act, categorical funding allocations are drawn from both state and federal funding. The federal funds, provided from American Recovery and Reinvestment Act State Stabilization monies, are assumed to total \$130 million. However, the federal allocations are only estimates at this time, and it is unclear what the final dollar amount of federal funds will be to support the revised Budget Act amounts. Therefore, the August Advance Apportionment certification for each program is based on **state funds only**. Once we know the final federal allocation, we will recertify each program's 2009-10 allocation as part of a September/October Advance Apportionment.

Please be advised that at the time this item was written, it appears that a cleanup bill will be introduced to remove ambiguity regarding the categorical funding allocations and flexibility provisions. At this time and for this reason we have not provided any allocations for the **Economic and Workforce Development Program** pending clarification from the legislature on the treatment of grants to colleges that serve statewide or regional purposes. Finally, further guidance governing the allocation and flexibility provisions for categorical programs for 2009-10 will be forthcoming soon from the Chancellor's Office. For your information, the categorical flexibility language from AB X4 2 is provided below.

Cooperative Agencies Resources for Education (CARE). Preliminary allocations equal to 60 percent of the 2008-2009 final allocation, exclusive of any special augmentations, are included in the 2009-2010

CARE advance apportionments payment. The CARE advance apportionment for Yuba College includes funding in the amount of \$45,559 for Woodland Community College and \$151,641 for Yuba College. Furthermore, in accordance with Assembly Bill 318, Statutes of 2006 (Dymally), Compton Community College District has been awarded categorical funds to operate a full-service CARE program at the Compton Community Educational Center, independent and separate from El Camino College. The Chancellor's Office will notify districts of the 2009-2010 CARE final program allocations after verification of the 2008-2009 MIS annual unduplicated student headcounts reported by the districts. The 2009-2010 CARE final allocations will be officially posted in the first principal apportionments report (P-1).

EOPS. The Advance Apportionment allocates to each college 60% of the previous year's approved allocation. This allocates only the state funds available and does not include any federal funds expected from the ARRA for 2009-10. Colleges will receive notification of their current year allocation in October after receipt of the federal funds, which will be reflected in the first principal apportionment (P1).

All questions regarding the general apportionment for the Advance may be addressed to Ed Monroe at (916) 327-6226, email at emonroe@cccco.edu and all questions regarding the categorical apportionments for Advance may be addressed to Diane Brady at 916-327-1554, email at dbrady@cccco.edu

Any additional 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

TABLE - Statewide Categorical Funding*

2009-10				
	Budget Act AB4x-1	ARRA Federal Funds	State General Funds	Flexibility Allowed
Categorical Programs				
Student Financial Aid Administration	52,884,000		52,884,000	No
Foster Care Education Program	5,254,000		5,254,000	No
Fund for Student Success	5,262,820	1,470,219	3,792,601	No
CalWORKs	37,043,000	10,348,318	26,694,682	No
Student Success Initiative - Basic Skills	27,804,000	7,767,315	20,036,685	No
 Nursing	 18,564,000	 5,186,032	 13,377,968	 No
 Disabled Students	 96,057,240	 26,834,514	 69,222,726	 No
Extended Opportunity Programs & Services	89,188,000	24,915,526	64,272,474	No
 Cooperative Agencies Resources for Education	 12,949,400	 3,617,539	 9,331,861	 No
Telecom & Technology Services	21,217,380	5,927,279	15,290,101	No
Academic				
Senate	317,560	88,713	228,847	Yes
Childcare Tax Bail Out	4,648,480	1,298,598	3,349,882	Yes
Equal Employment Opportunity	1,187,960	331,868	856,092	Yes
Economic Development	31,817,200	8,888,441	22,928,759	Yes
Apprenticeship	9,955,880	2,781,271	7,174,609	Yes
Part-time Faculty Office Hours	4,876,960	1,362,426	3,514,534	Yes
Part-time Faculty Health Insurance	680,000	189,965	490,035	Yes
Part-time Faculty Compensation	34,563,040	9,655,518	24,907,522	Yes
Transfer Education and Articulation	968,320	270,510	697,810	Yes
Matriculation - credit	55,231,760	15,429,524	39,802,236	Yes
Matriculation - non-credit	13,017,000	3,636,424	9,380,576	Yes
Physical Plant and Instructional Support				Yes
Career Technical Education	48,000,000		48,000,000	No
Subtotal Categorical	571,488,000	130,000,000	441,488,000	

*Unresolved issues: 1) specific allocations of ARRA and state funds to each categorical program; 2) status of statewide and regional projects; and 3) status of SB 70 CTE funding.

** Flexibility provision applied to these categorical programs and allows funds to be moved from these programs into any categorical program. Categorical programs under flexibility rules lock-in 2008-09 district allocation level, less the 2009-10 cut, through 2012-13.

*** Reflects a shift in SB 1133 (2006 Prop. 98 Settlement Funds) to Budget Act

CATEGORICAL FLEXIBILITY LANGUAGE

ASSEMBLY BILL X4 2

SEC. 32. Section 84043 is added to the Education Code, to read:

84043. (a) (1) Notwithstanding any other provision of law, and unless otherwise prohibited under federal law, for the 2009–10 to 2012–13 fiscal years, inclusive, community college districts may use funding received, pursuant to subdivision (b), from any of the programs listed in paragraph (2) that are contained in Item 6870-101-0001 of Section 2.00 of the annual Budget Act, for the purposes of any of the programs contained in Schedule (2) and Schedules (4) to (23), inclusive, of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2009.

(2) (A) Apprenticeship.

(B) Matriculation.

(C) Academic Senate for the Community Colleges.

(D) Equal Employment Opportunity.

(E) Part-time Faculty Health Insurance.

(F) Part-time Faculty Compensation.

(G) Part-time Faculty Office Hours.

(H) Economic Development.

(I) Transfer Education and Articulation.

(J) Physical Plant and Instructional Support.

(K) *Career Technical Education.* NOTE, WE UNDERSTAND THAT THE ADMINISTRATION WILL BE PURSUING CLEANUP LEGISLATION TO EXCLUDE CTE FROM FLEXIBILITY.

(L) Campus Childcare Tax Bailout.

(b) For the 2009–10 to 2012–13 fiscal years, inclusive, the chancellor shall apportion from the amounts provided in the annual Budget Act for the programs enumerated in paragraph (2) of subdivision (a), an amount to a community college district, based on the same relative proportion that the district received in the 2008–09 fiscal year for the programs enumerated in paragraph (2) of subdivision (a). The amounts allocated shall be adjusted for any greater or lesser amount appropriated for the items enumerated in paragraph (2) of subdivision (a).

(c) (1) This section does not obligate the state to refund or repay reductions made pursuant to this section. A decision by a district to reduce funding pursuant to this section for a state-mandated local program shall constitute a waiver of the subvention of funds that the district is otherwise entitled to pursuant to Section 6 of Article XIII B of the California Constitution on the amount so reduced.

(2) If a community college district elects to use funding received pursuant to subdivision (b) in the manner authorized pursuant to subdivision (a), the governing board of the district shall, at a regularly scheduled open public hearing, take testimony from the public, discuss, and shall approve or disapprove the proposed use of funding. (3) (A) If a community college district elects to use funding received pursuant to subdivision (b) in the manner authorized pursuant to subdivision (a), the district shall continue to report the expenditures pursuant to this section by using the appropriate codes to indicate the activities for which these funds were expended using the existing standard reporting process as determined by the chancellor. (B) The chancellor shall collect the information in subparagraph (A) and shall provide that information to the Department of Finance and to the appropriate policy and budget committees of the Legislature on or before April 15, 2010, and annually thereafter by April 15 of each year, through 2014. (d) For the 2009–10 to 2012–13 fiscal years, inclusive, community college districts that elect to use funding in the manner authorized pursuant to subdivision (a) shall be deemed to be in compliance with the program and funding requirements contained in statutory, regulatory, and provisional language, associated with the programs enumerated in subdivision (a).