

**California Community College Funding
Education Codes and Title 5 Regulations**
(Current as of May 2009)

Education Codes

84750.5.(a) The board of governors, in accordance with the statewide requirements contained in paragraphs (1) to (11), inclusive, of subdivision (d), and in consultation with institutional representatives of the California Community Colleges and statewide faculty and staff organizations, so as to ensure their participation in the development and review of policy proposals, shall develop criteria and standards for the purposes of making the annual budget request for the California Community Colleges to the Governor and the Legislature, and for the purpose of allocating the state general apportionment revenues.

(b) In developing the criteria and standards, the board of governors shall utilize and strongly consider the recommendations and work product of the "System Office Recommendations Based on the Report of the Work Group on Community College Finance" that was adopted by the board at its meeting of March 7, 2005. The board shall complete the development of these criteria and standards, accompanied by the necessary procedures, processes, and formulas for utilizing its criteria and standards, by March 1, 2007, and shall submit on or before that date a report on these items to the Legislature and the Governor.

(c) (1) It is the intent of the Legislature in enacting this section to improve the equity and predictability of general apportionment and growth funding for community college districts in order that the districts may more readily plan and implement instruction and related programs, more readily serve students according to the policies of the state's master plan for higher **education**, and enhance the quality of instruction and related services for students.

(2) It is the intent of the Legislature to determine the amounts to be appropriated for the purposes of this section through the annual Budget Act. Nothing in this section shall be construed as limiting the authority either of the Governor to propose, or the Legislature to approve, appropriations for California Community Colleges programs or purposes.

(d) The board of governors shall develop the criteria and standards within the following statewide minimum requirements:

(1) The calculations of each community college district's revenue level for each fiscal year shall be based on the level of general apportionment revenues (state and local) the district received for the prior year plus any amount attributed to a deficit from the adopted standards to be developed pursuant to this section, with revenue adjustments being made for increases or decreases in full time equivalent students (FTES), for equalization of funding per credit FTES, for necessary alignment of funding per FTES between credit and noncredit programs, for inflation, and for other purposes authorized by law.

(2) Commencing with the 2006-07 fiscal year, the funding mechanism developed pursuant to this section shall recognize the need for community college districts to receive an annual allocation based on the number of colleges and comprehensive centers in the district. In addition to this basic allocation, the marginal amount of credit revenue allocated per FTES shall be funded at a rate not less than four thousand three hundred sixty-seven

dollars (\$4,367), as adjusted for the change in the cost-of-living in subsequent annual budget acts.

(A) To the extent that the Budget Act of 2006 contains an appropriation of one hundred fifty-nine million four hundred thirty-eight thousand dollars (\$159,438,000) for community college equalization, the Legislature finds and declares that community college equalization for credit FTES has been effectively accomplished as of March 31, 2007.

(B) The chancellor shall develop criteria for the allocation of one-time grants for those districts that would have qualified for more equalization under prior law than pursuant to this section and the Budget Act of 2006, and for those districts that would have qualified for more funding under a proposed rural college access grant than pursuant to this section and the Budget Act of 2006, as determined by the chancellor. Appropriations for the one-time grants shall be provided pursuant to paragraph (24) of subdivision (a) of Section 43 of Chapter 79 of the Statutes of 2006.

(3) Noncredit instruction shall be funded at a uniform rate of two thousand six hundred twenty-six dollars (\$2,626) per FTES, as adjusted for the change in the cost-of-living provided in subsequent annual budget acts.

(4) Funding for instruction in career development and college preparation, as authorized pursuant to Section 84760.5, shall be provided as follows:

(A) Beginning in the 2006-07 fiscal year, career development and college preparation FTES may be funded at a rate of three thousand ninety-two dollars (\$3,092) per FTES for courses in programs that conform to the requirements of Section 84760.5. This rate shall be adjusted for the change in the cost-of-living or as otherwise provided in subsequent annual budget acts.

(B) Changes in career development and college preparation FTES shall result in adjustments to revenues as follows:

(i) Increases in career development and college preparation FTES shall result in an increase in revenues in the year of the increase and at the average rate per career development and college preparation FTES, including any cost-of-living adjustment authorized by statute or by the annual Budget Act.

(ii) Decreases in career development and college preparation FTES shall result in a revenue reduction in the year following the decrease and at the average rate per career development and college preparation FTES.

(5) Except as otherwise provided by statute, current categorical programs providing direct services to students, including extended opportunity programs and services, and disabled students programs and services, shall continue to be funded separately through the annual Budget Act, and shall not be assumed under the budget formula otherwise specified by this section.

(6) For credit and noncredit instruction, changes in FTES shall result in adjustments in district revenues as follows:

(A) Increases in FTES shall result in an increase in revenues in the year of the increase and at the amount per FTES provided for in paragraph (2) or (3), as appropriate, including any cost-of-living adjustment authorized by statute or by the annual Budget Act.

(B) Decreases in FTES shall result in revenue reductions beginning in the year following the initial year of decrease in FTES, and at the district's marginal funding per FTES.

(C) Districts shall be entitled to the restoration of any reductions in apportionment revenue due to decreases in FTES during the three years following the initial year of decrease in FTES if there is a subsequent increase in FTES.

(7) Revenue adjustments shall be made to reflect cost changes, using the same inflation adjustment as required for school districts pursuant to subdivision (b) of Section 42238.1. These revenue adjustments shall be made

to the college and center basic allocations, credit and noncredit FTES funding rates, and career development and college preparation FTES funding rates.

(8) The statewide requested increase in budgeted workload FTES shall be based, at a minimum, on the sum of the following computations:

(A) Determination of an equally weighted average of the rate of change in the California population of persons between the ages of 19 and 24 and the rate of change in the California population of persons between the ages of 25 and 65, both as determined by the Department of Finance's Demographic Research Unit as determined for the preceding fiscal year.

(B) To the extent the California unemployment rate exceeds 5 percent for the most recently completed fiscal year, that positive difference shall be added to the rate computed in subparagraph (A).

In no event shall that positive difference exceed 2 percent.

(C) The chancellor may also add to the amounts calculated pursuant to subparagraphs (A) and (B) the number of FTES in the areas of transfer, vocational **education**, and basic skills that were unfunded in the current fiscal year. For this purpose, the following computation shall be determined for each district, and a statewide total shall be calculated:

(i) Establish the base level of FTES earned in the prior fiscal year for transfer courses consisting of courses meeting the California State University breadth or Inter-segmental General **Education** Transfer Curriculum requirements or major course prerequisites accepted by the University of California or the California State University.

(ii) Establish the base level of FTES earned in the prior fiscal year for vocational **education** courses consisting of courses defined by the chancellor's office Student Accountability Model codes A and B that are consistent with the courses used for measuring success in this program area under the accountability system established pursuant to Section 84754.5.

(iii) Establish the base level of FTES in the prior fiscal year for basic skills courses, both credit and noncredit.

(iv) Add the sum of FTES for clauses (i) to (iii), inclusive.

(v) Multiply the result of the calculation made under clause (iv) by one plus the district's funded growth rate in the current fiscal year. This figure shall represent the maintenance of effort level for the budget year.

(vi) FTES in transfer, vocational **education**, and basic skills that are in excess of the total calculated pursuant to clause (v), shall be considered in excess of the maintenance of effort level, and shall be eligible for overcap growth funding if the district exceeds its overall funded FTES.

(vii) In no event shall the amount calculated pursuant to clause (vi) exceed the total unfunded FTES for that fiscal year. To the extent the computation specified in subdivision (c) requires the reporting of additional data by community college districts, that reporting shall be a condition of the receipt of apportionment for growth pursuant to this section and those funds shall be available to offset any and all costs of providing the data.

(9) Except as provided in subparagraph (B) of paragraph (6), for the 2006-07 fiscal year or for the first fiscal year for which this section is implemented by the board of governors, whichever is later, all districts shall receive at least the amount of revenue received for the prior fiscal year, adjusted for the cost-of-living adjustment specified in subdivision (b) of Section 42238.1 and adjusted for the actual increase in FTES not to exceed the district's funded growth cap. Thereafter, allocations shall be made pursuant to this section, as implemented by the board of governors pursuant to the annual Budget Act.

(10) Except as specifically provided in statute, regulations of the board of governors for determining and allocating the state general apportionment to the community college districts shall not require district governing

boards to expend the allocated revenues in specified categories of operation or according to the workload measures developed by the board of governors.

(e) This section shall become operative on October 1, 2006.

84751. In calculating each community college district's revenue level for each fiscal year pursuant to subdivision (a) of Section **84750**, the board of governors shall subtract, from the total revenues owed, all of the following:

(a) The local property tax revenue specified by law for general operating support, exclusive of bond interest and redemption.

(b) Ninety-eight percent of the fee revenues collected pursuant to Section 76300.

(c) Timber yield tax revenues received pursuant to Section 38905.1 of the Revenue and Taxation **Code**.

(d) Any amounts received pursuant to Section 33492.15, 33607.5, or 33607.7 of the Health and Safety **Code**, and Section 33676 of the Health and Safety **Code** as amended by Section 2 of Chapter 1368 of the Statutes of 1990, that are considered to be from property tax revenues pursuant to those sections for the purposes of community college revenue levels, except those amounts that are allocated exclusively for educational facilities.

Title 5 Regulations (copied from Barclays)

Article 8. Allocation Process

58770. State Apportionment Procedure.

(a)(1) Except as provided in subdivision (2) or (3), the fiscal year revenues for each community college district shall be the noncredit base revenues associated with the funded FTES specified in subdivision (c) of section 58771, plus the credit base revenues associated with the funded FTES specified in subdivision (b) of section 58771, plus the career development and college preparation noncredit base revenues associated with the funded FTES specified in subdivision (d) of section 58771, plus the basic allocation base revenues as defined in subdivisions (e) and (i) of section 58771, plus the inflation adjustments specified in section 58773, plus the workload adjustments specified in section 58774, plus the budget stability adjustment specified in section 58776.

(2) If the sum of the local property tax and fee revenues as defined in subdivision (b) equals or exceeds a district's fiscal year revenue as calculated pursuant to subdivision (1) above, then the fiscal year revenue for that district shall be the sum of the property tax and fee revenues pursuant to subdivision (b) rather than the figure calculated pursuant to subdivision (1). If, in the subsequent year, the sum of the local property tax and fee revenues as defined in subdivision (b) equals or is less than the district's fiscal year revenue as calculated pursuant to subdivision (1) above, then the base revenue for that fiscal year for that district shall be equal to the district's prior year total computational revenue.

(3) If a district's revenue for the 2006-07 fiscal year is based on the program-based funding principles authorized by former Education Code section 84750, as provided for by paragraph (9) of subdivision (d) of Education Code section 84750.5, then the revenue for that district for subsequent fiscal years shall be the higher of:

(A) its prior year total computational revenue, plus the inflation adjustments specified in section 58773, plus the workload adjustments specified in section 58774, plus the budget stability adjustment specified in section 58776; or

(B) the figure calculated pursuant to paragraph (1) of this subdivision. Beginning with the fiscal year for which the higher amount for a district is the figure calculated pursuant to paragraph (1), for each fiscal year thereafter the district's fiscal year revenue shall be calculated pursuant to paragraph (1).

(b) For each community college district, the Chancellor shall subtract from the revenues determined pursuant to subdivision (a), the local property tax revenue specified by law for general operating support, exclusive of bond interest and redemption, timber yield tax revenue pursuant to section 38905.1 of the Revenue and Taxation Code, and 98 percent of the fee revenues required to be collected pursuant to Education Code section 76300. The remainder shall be the state general apportionment for each district.

(c) The Chancellor shall adjust the amount determined pursuant to subdivision (b) and the corresponding FTES associated with that adjustment to provide for prior year adjustments

required pursuant to sections 51102, 58134, 59112 et seq. or other provisions of this division authorizing subsequent adjustment of a district's apportionment.

(d) Warrants shall be drawn on the State Treasury by the Controller in favor of the treasurer of each county for the allocations certified by the Chancellor in accordance with the following schedule, as adjusted by the Chancellor in accordance with the provisions of subdivision (e).

(1) Eight percent of district eligibility shall be allocated in July.

(2) Eight percent of district eligibility shall be allocated in August.

(3) Twelve percent of district eligibility shall be allocated in September.

(4) Ten percent of district eligibility shall be allocated in October.

(5) Nine percent of district eligibility shall be allocated in November.

(6) Five percent of district eligibility shall be allocated in December.

(7) Eight percent of district eligibility shall be allocated in January.

(8) The remaining percent of district eligibility shall be allocated in the months for February through June on a schedule as certified by the Chancellor.

(e) The Chancellor may, upon the demonstrated need of any community college district for increased levels of allocations of state funds in any month based on district expenditure patterns and cash flow needs, adjust the allocations provided in subdivision (d), provided that the total of the allocations to be made between July 1 and February 1 shall not exceed 70 percent. The Chancellor may also revise the levels of allocation on a system-wide basis to accommodate legislated deferrals of the system's appropriated apportionment not included in subdivision (d).

(f) The Chancellor, at the request of a governing board of a community college district, and when necessary to maintain the secure deposit and prudent investment of district funds, may direct the Controller to draw warrants in favor of the Local Agency Investment Fund within the State Treasury in lieu of drawing warrants in favor of the county treasurer of the county in which the district resides. The governing board shall certify, and the Chancellor shall find, that the revenues being apportioned are not required for immediate needs.

Note: Authority cited: Sections 66700, 70901, 84500 and 84750.5, Education Code. Reference: Sections 70901, 76300 and 84500, Education Code.

HISTORY

1. New section filed 5-29-91 and submitted to OAL 6-3-91 for printing only pursuant to Education Code section 70901.5, operative 6-30-91 (Register 91, No. 28).

2. Amendment of section, new subsection (f), and amendment of NOTE filed 1-23-95 as an emergency; operative 1-23-95. Submitted to OAL for printing only. A Certificate of Compliance must be transmitted to OAL 5-23-95 or emergency language will be repealed by operation of law on the following day.

3. Amendment of subsection (b) filed 6-30-95; operative 8-30-95. Submitted to OAL for printing only pursuant to Education Code section 70901.5 (Register 95, No. 30).

4. Amendment of subsections (a)-(c) and (e) and amendment of NOTE filed 1-17-2007; operative 1-17-2007. Submitted to OAL for printing purposes only pursuant to Education Code section 70901.5 (Register 2007, No. 9).

5. Redesignation and amendment of subsection (a)(1) and new subsections (a)(2)-(a)(2)(B) filed 7-17-2007; operative 8-16-2007. Submitted to OAL for printing only pursuant to Education Code section 70901.5 (Register 2007, No. 35).

6. Amendment of subsections (a)(1) and (c) filed 6-13-2008; operative 7-13-2008. Submitted to OAL for printing only pursuant to Education Code section 70901.5 (Register 2008, No. 25).

58771. Base Fiscal Year Revenues.

(a) The base revenues for each community college district shall be the sum of the revenues received for the preceding fiscal year in accordance with section 58770 (including any subsequent adjustments pursuant to subdivision (c) thereof), exclusive of section 58776, plus any unfunded shortages in revenues identified pursuant to the provisions of sections 58772 and

58779, less any adjustment for declining FTES pursuant to section 58774 in the preceding fiscal year.

(b)Base credit FTES shall be the funded FTES of the prior fiscal year.

(c)Base noncredit FTES shall be the funded noncredit FTES of the prior fiscal year.

(d)Base career development and college preparation noncredit FTES shall be the funded career development and college preparation noncredit FTES of the prior fiscal year. The 2006-07 fiscal year begins with a base of zero FTES.

(e)Base basic allocation level shall be contingent upon the status of the college, center and FTES criteria pursuant to subdivision (i) of this section.

(f)The noncredit base revenue for each community college district shall be equal to the units of base noncredit FTES determined pursuant to subdivision (c), multiplied by the base rate of \$2,479.23; in subsequent years the base rate shall be the prior year base rate plus an inflation adjustment pursuant to section 58773. The 2006-07 marginal rate for noncredit FTES after the inflation adjustment is \$2,626.00.

(g)The credit base revenue for each community college district shall be equal to the units of base credit FTES determined pursuant to subdivision (b), multiplied by the base rate of \$4,122.92 in the 2006-07 fiscal year; in subsequent years the base rate shall be the prior year base rate plus an inflation adjustment pursuant to section 58773(b). The 2006-07 marginal rate for credit FTES after the inflation adjustment is \$4,367.00.

(h)The career development and college preparation noncredit base revenue for each community college district shall be equal to the units of base career development and college preparation noncredit FTES determined pursuant to subdivision (d) multiplied by the base funding rate for that year. In subsequent years the base rate shall be the prior year base rate plus an inflation adjustment pursuant to section 58773. In 2006-07, the marginal rate will be \$3,092.00 if the \$30 million provided for this category of FTES is adequate to fully fund all qualifying FTES.

(i)The basic allocation base revenue for each community college district shall be contingent upon the number and size of colleges and educational centers, as those terms are defined in section 55180 and this section. The annual basic allocation base rates for fiscal year 2006-07 shall be the basic allocation rates shown below. The basic allocation base rate for subsequent years will be the 2006-07 base rate plus any inflation adjustments applied in intervening years. Apportionment allocations for the basic allocation base revenues and base rates are based on the prior year's FTES as reported on the final attendance report. The unadjusted basic allocation base rates, before any inflation adjustment for 2006-07, shall be:

(1)Single college districts: \$5,000,000 per single college district with FTES equal or greater than 20,000.

(2)Single college districts: \$4,000,000 per single college district with FTES equal to or greater than 10,000 FTES but less than 20,000 FTES.

(3)Single college districts: \$3,000,000 per single college district with less than 10,000 FTES.

(4)Multi-college districts: \$4,000,000 per college with FTES equal to or greater than 20,000 FTES; \$3,500,000 per college with FTES equal to or greater than 10,000 FTES but less than 20,000 FTES; and \$3,000,000 per college with less than 10,000 FTES.

(5)Educational centers: \$1,000,000 for each center described in subdivision (b)(1) of section 55180 and reporting 1,000 or more FTES. A district is not eligible for the basic allocation revenue provided by this subdivision associated with an educational center that is approved by

the Board of Governors on or after May 1, 2008, unless and until the Chancellor determines that the center reported at least 1,000 FTES on the district's most recent final attendance report.

(6) Grandparented centers described in subdivision (b)(2) of section 55180: amounts as specified below for 2006-07 plus inflation adjustments to be applied to calculate the entitlement for subsequent years.

(A) Greater than or equal to 1,000 FTES:	\$1,000,000
(B) Greater than or equal to 750 FTES but less than 1,000 FTES:	\$750,000
(C) Greater than or equal to 500 FTES but less than 750 FTES:	\$500,000
(D) Greater than or equal to 250 FTES but less than 500 FTES:	\$250,000
(E) Greater than or equal to 100 FTES but less than 250 FTES:	\$125,000

(7) For grandparented centers described in subdivision (b)(2) of section 55180, the amount of certified FTES used to calculate the center's 2006-07 entitlement shall not be increased until the center in question is approved as an educational center pursuant to article 4 of subchapter 2 of chapter 6 (commencing with section 55180) but may be decreased in accordance with the provisions of paragraph (8) below. The provisions of paragraphs (10) and (11) of this subdivision shall not apply to a grandparented center pursuant to subparagraph (6) above until it is approved as an educational center pursuant to article 4 of subchapter 2 of chapter 6 (commencing with section 55180).

(8) Beginning with fiscal year 2005-06, districts shall report FTES for each college and educational center in accordance with guidance from the Chancellor's Office. These FTES will be used to calculate the amount of basic allocation earned by each district. If an educational center does not serve at least an amount of FTES sufficient to continue at the same basic allocation funding level, the unadjusted basic allocation amount will be recalculated consistent with the FTES level served. If the recalculation results in a lower funding amount, the reduction will not occur until the third year after the initial recalculation that resulted in the lower calculated funding amount. If the educational center increases the level of FTES served in years subsequent to the reduction in its basic allocation amount, the Chancellor shall recalculate the basic allocation amount using the larger FTES level, but in no case will the basic allocation be recalculated using a level of FTES that exceeds the FTES amount from its initial center certification.

(9) The Chancellor may authorize extraordinary basic allocation base revenue pursuant to this section to a partner district under section 74292.

(10) Other than as provided in paragraphs 7 and 11, the amount of FTES served by each college and center as reported on the 2005-06 final attendance report shall be used to calculate the minimum unadjusted basic allocation amount for the initial 2006-07 fiscal year of the apportionment and the following two years.

(11) Other than as provided in paragraph 7, if a new college or center is established, or if the FTES from an existing college or center increases to a level that warrants an adjustment of the district's previous basic allocation base amount, the basic allocation adjustment shall be included in the next principal apportionment subject to the final recalculation of apportionment for that year.

(12) Single college districts that reported credit attendance at less than or equal to 5,000 FTES for the 2005-06 final attendance report that are serving areas of the state with less than 217 people per square mile are eligible for a base allocation adjustment of \$500,000 to the initial base allocation amount.

(13) Changes to basic allocation funding pursuant to paragraph (11) of this subdivision shall come from the same funding sources as the base funding pursuant to section 58772.

(14) FTES produced from distance education courses or courses taught at a physical location other than a college or a center shall be credited to the base allocation of the college or center from which they were reported for the first principal apportionment of the 2006-07 fiscal year. Subsequent to the first principal apportionment of the 2006-07 fiscal year, any new FTES produced from a distance education course or courses taught at a physical location other than a college or center shall be credited to the base allocation of the college or center where they were initially reported. The intent of this section is to specify that FTES may not be moved among colleges after they have been initially reported so as to increase the base allocation of a college.

(15) In the event that a college or center is closed, the FTES produced from a distance education course or courses taught at a physical location other than a college or center and reported from that college or center shall be credited to another college or center in the same district, to the extent that such additional FTES is produced at the recipient college or center. The FTES may not be credited to a subsequent college or center in the district at a later date unless the original recipient college or center is also closed. The intent of this section is that FTES may not be moved among colleges or centers after they have been initially reported so as to increase the base allocation of a college or center.

NOTE: Authority cited: Sections 66700, 70901, 74292 and 84750.5, Education Code. Reference: Section 84750.5, Education Code.

HISTORY

1. New section filed 5-29-91 and submitted to OAL 6-3-91 for printing only pursuant to Education Code section 70901.5; operative 6-30-91 (Register 91, No. 28).
2. Amendment filed 9-6-94; operative 10-6-94. Submitted to OAL for printing only pursuant to Education Code section 70901.5 (Register 94, No. 38).
3. Amendment of section and NOTE filed 1-17-2007; operative 1-17-2007. Submitted to OAL for printing purposes only pursuant to Education Code section 70901.5 (Register 2007, No. 9).
4. Amendment of section and NOTE filed 7-17-2007; operative 8-16-2007. Submitted to OAL for printing purposes only pursuant to Education Code section 70901.5 (Register 2007, No. 35).
5. Amendment filed 6-13-2008; operative 7-13-2008. Submitted to OAL for printing only pursuant to Education Code section 70901.5 (Register 2008, No. 25).

58772. Base Revenue and Workload Reduction.

Notwithstanding sections 58771 and 58779, if it is known at the time of the adoption of the State Budget Act for the current year that revenues are not sufficient to fully fund base revenues pursuant to section 58771, district base revenues shall be reduced proportionally by the ratio of the statewide total revenue available for purposes of section 58771, to the statewide total calculated amount for purposes of section 58771, and all base workload measures pursuant to section 58771, shall be reduced proportionally by the ratio of the statewide total revenue available for purposes of section 58771, to the statewide total calculated amount for purposes of sections 58771 and 58773.

NOTE: Authority cited: Sections 66700, 70901 and 84750, Education Code. Reference: Section 84750, Education Code.

HISTORY

1. New section filed 5-29-91 and submitted to OAL 6-3-91 for printing only pursuant to Education Code section 70901.5; operative 6-30-91 (Register 91, No. 28).
2. Editorial correction (Register 95, No. 23).

58773. Inflation Adjustments.

(a) Inflation adjustments shall be made using any inflationary adjustment provided in the annual Budget Act.

(b) The noncredit base inflation adjustment for each community college district shall be the product of the following:

(1) The noncredit base revenue computed pursuant to subdivision (f) of section 58771.

(2) The quotient of the inflation adjustment determined pursuant to subdivision (a), divided by 100.

(c) The credit base inflation adjustment for each community college district shall be the product of the following:

(1) The credit base revenue computed pursuant to subdivision (g) of section 58771.

(2) The quotient of the inflation adjustment determined pursuant to subdivision (a), divided by 100.

(d) The career development and college preparation noncredit base inflation adjustment for each community college district shall be the product of the following:

(1) The career development and college preparation noncredit base revenue computed pursuant to subdivision (h) of section 58771.

(2) The quotient of the inflation adjustment determined pursuant to subdivision (a), divided by 100.

(e) The basic allocation base inflation adjustment for each community college district shall be the product of the following:

(1) The basic allocation base revenue computed pursuant to subdivision (i) of section 58771.

(2) The quotient of the inflation adjustment determined pursuant to subdivision (a), divided by 100.

NOTE: Authority cited: Sections 66700, 70901 and 84750.5, Education Code. Reference: Section 84750.5, Education Code.

HISTORY

1. New section filed 5-29-91 and submitted to OAL 6-3-91 for printing only pursuant to Education Code section 70901.5; operative 6-30-91 (Register 91, No. 28).
2. Amendment of subsection (a), repealer of subsection (c)(3), new subsections (d)-(e)(2) and amendment of NOTE filed 1-17-2007; operative 1-17-2007. Submitted to OAL for printing purposes only pursuant to Education Code section 70901.5 (Register 2007, No. 9).

58774. Growth and Decline.

(a) District growth rates for the 2006-07, 2007-08 and the 2008-09 fiscal years shall be determined based upon the regulations and processes in effect as of September 30, 2006, except that by August 31, 2008, the Chancellor shall notify districts of revised growth rates which are adjusted proportionately to reflect the amount of growth funding provided in the 2008-09 Budget Act.

(b) Commencing with the 2009-10 fiscal year, district "growth rates" shall be determined by the Chancellor based on, at a minimum, the sum of the following factors:

(1) Determination of an equally weighted average rate of change in the primary county population of persons between the ages of 19 and 24 and the rate of change in the primary county population of persons between the ages of 25 and 65, both as determined by the Department of Finance's Demographic Research Unit as determined for the preceding fiscal year.

(2) To the extent a college district's primary county unemployment rate exceeds 5 percent for the most recently completed year, an adjustment based on that positive difference shall be added to the rate computed in paragraph (1). In no event shall that positive difference used in calculating this adjustment exceed 2 percent.

(3)The Chancellor may also add to these amounts the number of FTES in the areas of transfer, career technical education, and basic skills that were unfunded in the current fiscal year. For this purpose, the following computation shall be determined for each district, and a statewide total shall be calculated:

(A)Establish the base level of FTES earned in the prior fiscal year for transfer courses consisting of courses meeting the California State University breadth or Intersegmental General Education Transfer Curriculum requirements or major course prerequisites accepted by the University of California or the California State University.

(B)Establish the base level of FTES earned in the prior fiscal year for career technical education courses consisting of courses defined by the Chancellor's office Student Accountability Model codes A and B that are consistent with the courses used for measuring success in this program area under the accountability system established pursuant to Education Code 84754.5.

(C)Establish the base level of FTES in the prior fiscal year for basic skills courses, both credit and noncredit.

(D)Add the sum of FTES for paragraphs (A) to (C), inclusive.

(E)Multiply the result of the calculation made under paragraph (D) by one plus the district's funded growth rate in the current fiscal year. This figure shall represent the maintenance of effort level for the budget year.

(F)FTES in transfer, career technical education, and basic skills that are in excess of the total calculated pursuant to paragraph (E), shall be considered in excess of the maintenance of effort level, and shall be eligible for overcap growth funding if the district exceeds its overall funded FTES.

(G)In no event shall the amount calculated pursuant to paragraph (F) exceed the total unfunded FTES for that fiscal year.

(c)Each district shall receive a minimum growth allocation of 1% or a rate which will provide at least 100 total FTES. Preliminary growth rates for a fiscal year shall be calculated and made available to the districts as early as possible during the preceding fiscal year. Preliminary growth rates are subject to change.

(d)To the extent the computations specified in this section require the reporting of additional data by community college districts, that reporting shall be a condition of the receipt of apportionment for growth pursuant to this section and those funds shall be available to offset any and all costs of providing the data.

(e)District growth rates are used to determine growth revenue caps when funding required to meet all FTES increases in the system exceeds the growth appropriation in the annual Budget Act. The district's total revenue growth cap is the sum of the revenue caps for all the district's FTES workload measures. A district's growth revenue cap is calculated by multiplying the marginal growth funding rates for its credit, noncredit, and career development and college preparation FTES by the product of a district's growth rate determined annually pursuant to subdivisions (b) and (c), multiplied by the appropriate base FTES for that funding rate. A district's growth revenue cap for credit FTES, noncredit FTES, and career development and college preparation FTES to the extent funds are available to fully fund increases in these workload measures shall be the sum of the following:

(1)Credit FTES – The product of the current year's marginal credit funding rate multiplied by the growth rate determined pursuant to subdivisions (b) and (c), times the number of base credit FTES.

(2) Noncredit FTES – The product of the current year’s marginal noncredit funding rate multiplied by the growth rate determined pursuant to subdivisions (b) and (c), times the number of base noncredit FTES.

(3) Career development and college preparation noncredit FTES – The product of the current year’s marginal career development and college preparation noncredit funding rate multiplied by the growth rate determined pursuant to subdivisions (b) and (c), times the number of base career development and college preparation noncredit FTES.

(f) Growth revenue shall be computed for districts that have fully restored revenue and FTES lost in the prior three fiscal years due to workload declines in those years. An actual growth revenue computation for credit FTES, noncredit FTES, and career development and college preparation noncredit FTES shall be the sum of the following:

(1) Credit FTES – The product of the current year’s marginal credit funding rate times the net change in credit FTES reported in the current year relative to the district’s base credit FTES for that year and net of any credit FTES restoration.

(2) Noncredit FTES – The product of the current year marginal noncredit funding rate times the net change in noncredit FTES reported in the current year relative to the district’s base noncredit FTES for that year and net of any noncredit FTES restoration.

(3) Career development and college preparation noncredit FTES – The product of the current year marginal career development and college preparation noncredit funding rate times the net change in career development and college preparation noncredit FTES reported in the current year relative to the district’s base career development and college preparation noncredit FTES restoration. If the district’s career development and college preparation noncredit base is zero and the current year is the first year the district has reported career development and college preparation noncredit FTES, growth revenue shall be calculated using the regular noncredit marginal rate for that portion of career development and college preparation noncredit FTES converted from regular noncredit FTES. The funding rate differential shall be reported as a “career development and college preparation funding rate adjustment.” If total noncredit (regular and career development and college preparation noncredit) FTES is greater than the noncredit base FTES levied, growth revenue for that portion of career development and college preparation noncredit in excess of the noncredit FTES base shall be calculated as the product of the career development and college preparation FTES and the career development and college preparation noncredit marginal funding rate for that portion of career development and college preparation noncredit in excess of the noncredit FTES base.

(g) If the total growth computed in subdivision (f) is less than zero, the district’s base revenue for the subsequent fiscal year shall be adjusted in accordance with subdivision (h). If the amount computed in subdivision (f) is greater than zero and less than or equal to the revenue cap computed pursuant to subdivisions (b) and (c), the district revenue shall be adjusted by the amount computed pursuant to subdivision (f). If the amount computed in subdivision (f) is greater than the revenue cap computed pursuant to subdivisions (b) and (c), the district’s revenue could be constrained by the revenue cap computed pursuant to subdivisions (b) and (c).

(h) A decline in FTES for any particular workload occurs when the actual funded FTES is less than the amount of the corresponding base FTES. A district receives stability revenue when its total growth revenue from all FTS measures is negative. Total growth revenue shall be the sum of all of the positive and negative growth revenue for all FTES.

(i) A district shall be entitled to additional funding in its basic allocation equal to the amounts identified in subdivision (i) of section 58771 and as adjusted for inflation pursuant to section

58773 in subsequent years to the extent additional resources are provided in the annual Budget Act for any new colleges or centers added in the current fiscal year or if sufficient general apportionment base funding exists to fund new colleges or centers. Growth funds appropriated in the annual Budget Act shall be available to fund any new colleges and centers if other specific new funds are not provided in the Budget Act and there are not sufficient unallocated funds remaining in the general apportionment schedule. The intent of this section is to fund increases to the system's basic allocation before funding FTES growth as identified in subdivisions (e), (f) and (g) above.

(j) This section shall become inoperative on April 30, 2009.

NOTE: Authority cited: Sections 66700, 70901 and 84750.5, Education Code. Reference: Section 84750.5, Education Code.

HISTORY

1. New section filed 5-29-91 and submitted to OAL 6-3-91 for printing only pursuant to Education Code section 70901.5; operative 6-30-91 (Register 91, No. 28).
2. Amendment of section and NOTE filed 1-17-2007; operative 1-17-2007. Submitted to OAL for printing purposes only pursuant to Education Code section 70901.5 (Register 2007, No. 9).
3. Editorial correction of subsection (f) (Register 2007, No. 25).
4. Amendment filed 7-17-2007; operative 8-16-2007. Submitted to OAL for printing only pursuant to Education Code section 70901.5 (Register 2007, No. 35).
5. Amendment of subsections (a)-(b), (b)(2)-(3), (b)(3)(B), (b)(3)(F), (f)(3) and (j) filed 6-13-2008; operative 7-13-2008. Submitted to OAL for printing only pursuant to Education Code section 70901.5 (Register 2008, No. 25).

58774.5. Funding Rate Increases for Annexations.

The Chancellor may increase the funding rates utilized in Subdivisions (b) and (c) of Section 58774 for a college or district for increases in workload related to the annexation of rural nondistrict territory approved by the Board of Governors in accordance with Education Code Section 74205. Increases in funding rates shall be determined at the time of the approval of the annexation by the Board of Governors.

Note: Authority cited: Sections 66700, 70901 and 84750, Education Code. Reference: Section 84750, Education Code.

HISTORY

1. New section filed 11-6-97; operative 12-6-97. Submitted to OAL for printing only (Register 97, No. 46).

58775. Program Improvement.

Note: Authority cited: Sections 66700, 70901 and 84750, Education Code. Reference: Section 84750, Education code.

HISTORY

1. New section filed 5-29-91 and submitted to OAL for printing only pursuant to Education Code section 70901.5; operative 6-30-91 (Register 91, No. 28).
2. Repealer filed 1-17-2007; operative 1-17-2007. Submitted to OAL for printing purposes only pursuant to Education Code section 70901.5 (Register 2007, No. 9).

58776. Budget Stability.

Districts shall receive stability funding only in the initial year of decline in FTES in an amount equaling the revenue loss associated with the FTES reduction for that year. Declines in college FTES that result in a reduction of calculated basic allocation will not cause a reduction in basic allocation base revenue until the third year after the year of the FTES decline, and the basic allocation will not be reduced if the FTES is restored back to or above the pre-decline base.

NOTE: Authority cited: Sections 66700, 70901 and 84750.5, Education Code Reference: Section 84750.5, Education Code.

HISTORY

1. New section filed 5-29-91 and submitted to OAL 6-3-91 for printing only pursuant to Education Code section 70901.5; operative 6-30-91 (Register 91, No. 28).
2. Amendment filed 11-6-97; operative 12-6-97. Submitted to OAL for printing only (Register 97, No. 46).
3. Amendment of section and NOTE filed 3-15-2006; operative 4-14-2006. Submitted to OAL for printing only pursuant to Education Code section 70901.5 (Register 2006, No. 17).
4. Amendment of section and NOTE filed 1-17-2007; operative 1-17-2007. Submitted to OAL for printing purposes only pursuant to Education Code section 70901.5 (Register 2007, No. 9).
5. Amendment filed 7-17-2007; operative 8-16-2007. Submitted to OAL for printing only pursuant to Education Code section 70901.5 (Register 2007, No. 35).

58777. Decline Restoration.

(a) Districts shall be entitled to restore any reductions in apportionment revenue due to declines in FTES during the three years following the initial year of decline in credit, noncredit, or career development and college preparation FTES if there is a subsequent increase in FTES.

(b) Restoration of revenue for declining workload and the inflation adjustments made between the year of decline and the year of restoration shall be made at the district's current marginal growth funding rate.

NOTE: Authority cited: Sections 66700, 70901 and 84750.5 Education Code. Reference: Section 84750.5, Education Code.

HISTORY

1. New section filed 5-29-91 and submitted to OAL 6-3-91 for printing only pursuant to Education Code section 70901.5; operative 6-30-91 (Register 91, No. 28).
2. Editorial correction of Authority cite (Register 95, No. 29).
3. Amendment of section and NOTE filed 1-17-2007; operative 1-17-2007. Submitted to OAL for printing purposes only pursuant to Education Code section 70901.5 (Register 2007, No. 9).
4. Amendment filed 7-17-2007; operative 8-16-2007. Submitted to OAL for printing only pursuant to Education Code section 70901.5 (Register 2007, No. 35).

58779. Deficit Mechanism.

In the event that State General Fund appropriations, local property tax revenues, student enrollment fees, and other local tax revenues allocated to community college districts for general operating support, are less than the amounts computed for all districts for the fiscal year pursuant to subdivision (a) of section 58770, the Chancellor shall apportion state aide by multiplying the amount computed for each district pursuant to subdivision (a) of section 58770, by the ratio of the statewide total revenue available for purposes of subdivision (a) of section 58770 to the statewide total calculated amount for purposes of subdivision (a) of section 58770.

Note: Authority cited: Sections 66700, 70901 and 84750.5, Education Code. Reference: Section 84750.5, Education Code.

HISTORY

1. New section filed 5-29-91 and submitted to OAL for printing only pursuant to Education Code section 70901.5; operative 6-30-91 (Register 91, No. 28).
2. Amendment of NOTE filed 1-17-2007; operative 1-17-2007. Submitted to OAL for printing purposes only pursuant to Education Code section 70901.5 (Register 2007, No. 9).