



TO: Chief Executive Officers
Chief Business Officers

FROM: Fiscal Services Unit
College Finance and Facilities Planning Division

RE: 2021-22 Advance and 2020-21 Second Principal (July revision) Apportionment Calculations

This memo describes the 2021-21 Advance (AD) apportionment calculations for the Student Centered Funding Formula (SCFF), various categorical programs, and 2021-22 deferral repayments. It also includes a July update to the 2020-21 Second Principal (P2) apportionment that is the basis for deferral repayments. Associated exhibits are available on the Chancellor's Office [Fiscal Services Unit Apportionment Reports website](#). For questions regarding SCFF calculations or any general matters within this memo, please contact the Fiscal Services Unit at apportionments@cccco.edu. For questions on specific categorical program apportionments, contact the appropriate staff identified in the contact list.

GENERAL BACKGROUND

The SCFF consists of three components: the base allocation, supplemental allocation, and student success allocation. The base allocation relies primarily on college and center size and enrollment, while the supplemental and student success allocations rely on prior year data. Generally, the Chancellor's Office certifies apportionments three times per year with the First Principal (P1) and prior year Recalculation releases in February, P2 in June, and Advance Apportionment (Advance) in July; however additional certification revisions are completed as necessary.

2021-22 ADVANCE

EXHIBITS

- Exhibit R (SCFF Apportionment Summary Schedule)
- Exhibit A (District Monthly Payments by Program)
- Exhibit B-4 (County Monthly Payment Schedule)
- 2021-22 Deferral Repayment Schedules

BACKGROUND

At the Advance apportionment, the Chancellor's Office uses assumptions and estimates for the major components of the SCFF in order to disburse resources for the first seven (7) months of the fiscal year. These assumptions largely align with the factors used to develop the 2021 Budget Act.

The Advance apportionment provides an SCFF general apportionment certification that is based on the highest of the following:

- The 2021-22 revenue calculated under the SCFF.
- The hold harmless revenue based on 2020-21 SCFF revenue plus 2021-22 COLA of 5.07%.
- The hold harmless revenue based on 2017-18 TCR, with the 2018-19 COLA of 2.71%, 2019-20 COLA of 3.26%, 2020-21 COLA of 0.00%, and the 2021-22 COLA of 5.07%, compounded.
- The hold harmless revenue generated using current year (projected) FTES multiplied by the FTES rates identified in the 2017-18 year plus basic allocation funding.

Full-time equivalent student (FTES) values are carried forward from the 2020-21 P2 data including any COVID-19 protections and emergency condition allowances. To the extent that restoration and growth would be possible given these protections, these potential revenues are considered in the Advance calculations. Supplemental values are carried forward from the data set submitted on March 9, 2021. Success values are calculated using the 2018-19 headcounts and 2019-20 headcounts twice to determine a three-year average from the data set submitted on March 9, 2021. To estimate property taxes, P2 property tax data is proportionally increased by 7.08% to align with Department of Finance projections. Enrollment fees are based on P2 data and Education Protection Act (EPA) funding is based on projections provided by the Department of Finance.

Consistent with prior years, the Budget Act does not formalize an automatic increase in the state General Fund appropriation in the event that the actual need is higher. Challenges with revenue estimates are a long-standing issue for California Community Colleges and the Chancellor's Office has attempted to resolve this through discussions with the Governor and Legislature. Unlike K-12 education, there is no provision for automatic backfill to protect community colleges from variances in revenue estimates. We will continue to work with the Governor and the Legislature to seek an automatic adjustment to general fund revenues to offset any misaligned estimates used in the budget process and provide improved funding predictability for our system. Further, depending on the magnitude of the variance, the Governor and Legislature have at times backfilled offsetting revenue shortfalls with additional state general fund authority.

The Exhibit R is a summary document used in place of the Exhibit C at the Advance apportionment which identifies each district's components of the SCFF and the various revenue sources (i.e., General Fund, property taxes, enrollment fees, 2015-16 Full-Time Faculty Hiring, and EPA) used by the Chancellor's Office to fund each district's TCR. This year, the Exhibit R has been updated to include detail on the various components of the SCFF and assumptions used to calculate the Advance apportionment.

Advance Apportionment Summary (in millions)

SCFF Exhibit R Components	2021-22 AD
I. Base Allocation (FTES + Basic Allocation)	5,438.5
II. Supplemental Allocation	1,439.6
III. Student Success Allocation	840.6
2021-22 SCFF Calculated Revenue (A)	7,718.7
2020-21 SCFF Calculated Revenue (B)	7,648.2
2021-22 Hold Harmless Revenue (C)	7,541.4
2021-22 Stability Adjustment (B)	19.7
2021-22 Hold Harmless Protection Adjustment (C)	156.5
2021-22 AD TCR	7,894.8
Revenue Sources	
Property Tax	3,961.2
Property Tax Excess	(441.5)
Student Enrollment Fees	440.0
Education Protection Account	1,276.1
State General Fund	2,598.7
Revenue Deficit	74.6
Revenue Deficit %	1.03%

2020-21 P2 JULY REVISION

EXHIBITS

- Exhibit C (Statewide and district SCFF detail)
- 2020-21 SCFF GF Payment Summary

BACKGROUND

The 2020-21 P2 revision includes the following updates:

- Updated full-time equivalent students (FTES) data, including a correction to reported non-credit FTES.
- Updated offsetting revenues, including county reported property taxes, district reported student enrollment fees, and an updated annual certification of the Education Protection Account (EPA) from the Department of Finance (Finance).
- A deficit of 0.6068% (\$41.5 million).
- Other minor adjustments.

This updated certification is the basis for deferral repayments being made in July and August as outlined in the deferral repayment schedule posted on our website under Advance.

2021-22 DEFERRAL REPAYMENTS

Due to the impact of COVID-19 on state finances, the 2020 Budget Act included deferral of a significant portion of community college funding, including \$1.04 billion from the SCFF and \$415 million from the Student Equity and Achievement categorical program. A total of \$1.45 billion in apportionment funding was deferred from 2020-21 to 2021-22 with repayments beginning July 2021. Primarily due to the significantly higher than anticipated 2020-21 EPA update, the June EPA payment essentially served as an early deferral repayment of \$475 million. This leaves \$981.4 million to be repaid, of which \$576.5 million are SCFF payments and \$404.9 million are Student Equity and Achievement payments. Please see the 2021-22 Deferral Repayment Schedules for additional details.

The Chancellor's Office, State Controller's Office, State Treasurer's Office, and two districts are parties to a memorandum of understanding related to tax revenue anticipation notes. The agreed upon deferral repayments will result in a temporary overpayment for two districts and underpayments for the remainder of districts in July and August. However, those overpayment and underpayments will be resolved via a prior year adjustment on the Exhibit A in July and August. Deferral repayments are scheduled for July 30 and August 16 based on the latest information provided by the State Controller's Office and State Treasurer's Office.

SCFF SUPPLEMENTAL AND SUCCESS DATA

The supplemental and success components of the SCFF are based on district reported data and determine over \$2.1 billion in funding. The supplemental component relies on three data points from the prior year. The success component relies on a prior year three-year average of 24 distinct categories of data. The P2 certification was based on updates provided through the last supplemental and success data validation cutoff of March 9. This data is subject to audit beginning in 2020-21.

FUNDING PROTECTIONS

There are several funding protections applicable under the SCFF, some of which have carried over from the prior funding formula known as Senate Bill (SB) 361. These are summarized below.

Hold Harmless (ECS 84750.4(h))	Districts receive no less than their 2017-18 TCR plus applicable cumulative annual cost of living adjustments. This protection has been extended to 2024-25.
Stability Protection (ECS 84750.4(g)(4)(A))	Commencing in 2020-21, declines in the SCFF TCR (excluding the hold harmless) are applicable in the year after the decline and include any applicable COLA. This protection is similar to the former FTES stability protection provided under SB 361, however is based on total SCFF TCR.
SB 361 Rate Protection (ECS 84750.4(g)(2))	Commencing in 2020-21, funding based on current FTES and Basic Allocation eligibility using rates in place in 2017-18. This protection does not currently benefit any districts.
FTES Restoration protection	Ability to restore FTES that have declined in the previous 3 years. This protection is converted to a funding amount to provide flexibility.
Basic Allocation Protection	Declines in college and center Basic Allocation Tiers are effective 3 years after the initial decline. Increases or new colleges or centers are eligible for funding in the year following the increase or establishment.
Emergency Conditions Allowances (Title 5 58146)	Emergency conditions protection from apportionment declines due to a variety of factors including natural disasters and pandemic.

SCFF DASHBOARD

Since adoption of the SCFF in the 2018-19 state budget, the Chancellor's Office has collaborated with system partners to develop tools and resources to support SCFF implementation. In early 2021, the Chancellor's Office released the SCFF Dashboard, a three-phase project to empower districts to analyze and use data for local implementation. Phase 2 of the SCFF Dashboard provides details around the supplemental and student success funding allocations and student counts within each of those portions of the formula for 2018-19 through 2020-21. While funding allocations are based on three-year averages in the student success portion of the formula, the Dashboard allows users to view one year data or three-year average data. Phase 2 also includes an evaluation of funding protections including the minimum revenue guarantee/hold harmless detailing whether the protection amount or the amount as a percent of TCR has increased or decreased. Many of the pages in the Dashboard allow users to compare between two different districts or a single district to the statewide average. This provides context about whether district outcomes are similar to other districts with similar characteristics. A subsequent data release in Phase 2 will provide information about race and ethnicity in the supplemental and student success funding allocations. Phase 3 of the dashboard is anticipated to be available in late 2021 and will provide districts with SCFF projections and planning tools.

EDUCATION PROTECTION ACCOUNT

The 2020-21 EPA funding allocation was updated by the Department of Finance in June resulting in a significant \$475 million increase in annual funding to \$1.564 million. This resulted in a total of \$748 million being disbursed in the fourth quarter. See the fourth quarter EPA payment exhibit on our website for additional details. The June EPA payment essentially served as an early deferral repayment.

CONTACTS

For any general questions regarding this memorandum, contact the Fiscal Services Unit at apportionments@cccco.edu. For questions regarding specific categorical programs, please contact the appropriate staff specified below.

Contact List for Categorical Programs			
Program	Name	Email Address	Phone number
Access to Print and Electronic Info	Linda Vann	lvann@cccco.edu	(916) 322-3234
Adult Education Block Grant	Neil Kelly	nkelly@cccco.edu	(916) 324-8895
Apprenticeship Allowance	Nick Esquivel	nesquivel@cccco.edu	(916) 445-4670
Apprenticeship Instruction and Training	Nick Esquivel	nesquivel@cccco.edu	(916) 445-4670
Calfresh Outreach	Colleen Ganley	cganley@cccco.edu	(916) 323-3865
California College Promise	Gina Browne	gbrowne@cccco.edu	(916) 324-4744
CalWORKs	Nicole Alexander	nalexander@cccco.edu	(916) 324-7913
Childcare Tax Bailout	Rina Rojas	rrojas@cccco.edu	(916) 324-2564
College Promise (BOG Fee Waiver Admin)	Gina Browne	gbrowne@cccco.edu	(916) 324-4744
College Rapid Rehousing Funds	Colleen Ganley	cganley@cccco.edu	(916) 323-3865
Cooperative Agencies Resources for Education (CARE)	Jillian Luis	jluis@cccco.edu	(916) 322-5246
COVID-19 Response Block Grant (CRF)	Lorena Romero	lromero@cccco.edu	(916) 322-3668
COVID-19 Response Block Grant (Prop 98)	Lorena Romero	lromero@cccco.edu	(916) 322-3668
Deaf and Hard of Hearing	Linda Vann	lvann@cccco.edu	(916) 322-3234
Digital Course Materials	Leslie LeBlanc	lleblance@cccco.edu	(916) 323-2768
Disabled Student Programs and Services (DSPS)	Linda Vann	lvann@cccco.edu	(916) 322-3234
Disaster Relief Emergency Student Financial Aid	Gina Browne	gbrowne@cccco.edu	(916) 324-4744
Early Action Emergency Financial Aid	Financial Main Line	financialaid@cccco.edu	(916) 327-5890
Equal Employment Opportunity	Legal Main Line Fermin Villegas Tanya Bosch	legalaffairs@cccco.edu	(916) 445-4826
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Extended Opportunity Programs and Services (EOPS)	Jillian Luis	jluis@cccco.edu	(916) 322-5246
Financial Aid Technology	Gina Browne	gbrowne@cccco.edu	(916) 324-4744
Foster and Kinship Care Education (FKCE)	Rina Rojas	rrojas@cccco.edu	(916) 324-2564
Full-Time Faculty Hiring	Rafael Artiga	rartiga@cccco.edu	(916) 323-6899
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Integrated Technology	Gary Bird	gbird@cccco.edu	(916) 327-5904
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NextUp (CAFYES)	Colleen Ganley	cganley@cccco.edu	(916) 323-3865
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Student Financial Aid Program	Ruby Nieto	rnieta@cccco.edu	(916) 322-4300
Student Success Completion Grant	Ruby Nieto	rnieta@cccco.edu	(916) 322-4300
Temporary Assistance Needy Families (TANF)	Nicole Alexander	nalexander@cccco.edu	(916) 324-7913
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