



California Community Colleges

MEMORANDUM

March 6, 2019

Apportionments 18-05 | Via Website

TO: Chief Executive Officers
Chief Business Officers
District Staff

FROM: Fiscal Services Unit
College Finance and Facilities Planning Division

RE: 2018-19 First Principal Apportionment

The 2018-19 First Principal Apportionment exhibits for the community college districts are available on the Chancellor's Office [Fiscal Services Unit, Apportionments Reports website](#).

2018-2019 EXHIBITS

- 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-2E Categorical Apportionments – Part 5
- Exhibit B-2F Categorical Apportionments – Part 6
- Exhibit B-4 Monthly Payment Schedule
- Exhibit C 2018-19 Total Computation Revenue, First Principal Apportionment

2017-2018 EXHIBITS

- Exhibit D District Apportionments and Payments by Program
- Exhibit E Recalculation State General Apportionment by District

Chancellor's Office, College Finance and Facilities Planning

1102 Q Street, Sacramento, California 95811 | Sixth Floor | 916.445.8752
www.CaliforniaCommunityColleges.cccco.edu

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Exhibit A provides total and monthly certifications by district for each program allocation. Exhibit B-1 summarizes state general apportionment and other general supplemental funds by county. Exhibits B-2A through B-2F display state categorical allowances by county and district. Exhibit B-4 provides the monthly payment schedule by county and district. Exhibit C displays estimated district total computational revenue (TCR) for state general apportionment.

GENERAL APPORTIONMENT

BACKGROUND

The Student Centered Funding Formula (SCFF) consists of three components: the Base Allocation, the Supplemental Allocation and the Student Success Allocation. The Base Allocation relies primarily on enrollment measures as of the current year, while the Supplemental Allocation and Student Success Allocation rely on data primarily from the prior year. The SCFF statutes specify that, in 2018-19, a district receives the higher of (1) the SCFF calculation for 2018-19 or (2) the total computational revenue for the district in 2017-18, adjusted by the 2018-19 cost-of-living adjustment (COLA). Therefore, the TCR shown on the Exhibit C is based on projected FTES in 2018-19 (with prior years used to calculate a three-year average for credit FTES), data for the Supplemental Allocation and Student Success Allocation from 2017-18, and “hold harmless” calculations generated based on the TCR in 2017-18 adjusted by COLA.

The Budget Act of 2018 estimated the costs of the general apportionment for 2018-19, basing the estimates on then-recent data for all of the formula factors.

In July 2018, the Chancellor’s Office produced a simulation of the SCFF making assumptions for 2018-19 funding using FTES as of the second principal apportionment for 2017-18 and Supplemental Allocation and Student Success Allocation data for 2016-17. This simulation was the basis for the advance apportionment payments to districts from July through January of the current fiscal year.

The Governor’s Budget also included estimates of the cost of the SCFF based on new estimates for all of the SCFF components. Notably, it reflected 2017-18 data for some of the factors in the Supplemental Allocation and Student Success Allocation—which was a change compared to the estimates made in the budget act and the advance apportionment.

This memorandum provides new estimates as of the first principal apportionment. The table below displays the differences in estimates for these four points in time.

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Comparison of General Apportionment Estimates (Dollars in Millions)

	Base Allocation	Supplemental Allocation	Student Success Allocation	SCFF Total	2017-18 TCR Adjusted by COLA	2018-19 TCR
Governor's 2018-19 Budget Act	\$4,974	\$1,421	\$710	\$7,106	\$6,896	\$7,130
Advance Apportionment (July 2018)	\$4,946	\$1,413	\$714	\$7,074	\$6,896	\$7,161
Governor's Budget (January 2019)	\$4,952	\$1,401	\$797	\$7,150	\$6,896	\$7,219
First Principal Apportionment (February 2019)	\$4,990	\$1,396	\$785	\$7,172	\$6,950	\$7,273

As of the first principal apportionment, the estimates of the TCR statewide are \$112 million higher than those estimated at the advance principal apportionment and \$54 million higher than those estimated in the Governor's Budget. One reason for this increase are revised estimates of the "hold harmless," which increased by \$52 million compared to the estimates in both the advance apportionment and the Governor's Budget. Specifically, in final FTES submittals for 2017-18, FTES increased significantly for certain districts that could restore or grow in that fiscal year, therefore increasing their revenues in that fiscal year. Another significant difference between the Governor's Budget and the two other points in time included in the table relates to the Base Allocation. For the advance apportionment in July, the Chancellor's Office used 2017-18 FTES as the estimate of 2018-19 estimates. Statewide, the estimates of 2018-19 credit FTES as of the first principal apportionment are more than 10,000 FTES greater than those assumed in the advance apportionment. Therefore, for districts funded using the SCFF calculation in 2018-19, the additional cost is \$44 million compared to the advance apportionment.

Further, the Chancellor's Office's estimates of the revenues available to offset the SCFF costs are \$323 million lower than those assumed in the Governor's Budget. Specifically, the Chancellor's Office estimates that for 2018-19 (1) property taxes are \$196 million lower than estimated in the advance apportionment and \$230 million lower than estimated in the Governor's Budget; (2) Education Protection Act (EPA) revenues are identical to the estimate in the advance apportionment and \$26 million lower than estimated in the Governor's Budget; and (3) student fees are \$3 million lower than estimated in the advance apportionment and \$10 million lower than estimated in the Governor's Budget.

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(In recent years, property tax revenues estimated at the first principal apportionment have typically been lower than the final totals.)

NEXT STEPS

Although the Governor's Budget acknowledges the higher costs for the TCR compared to the amounts included when the budget was enacted, it does not adjust the appropriations to support those higher costs.

The Department of Finance indicates that one proposal included in the Governor's Budget—the amendment to the definition of successful transfer to a four-year university for purposes of the SCFF—would take effect for 2018-19. Other changes may also be made to the formula for implementation in 2018-19.

With regard to revenues, the Proposition 98 minimum guarantee is funded by state General Fund and local property taxes. In most years, when property taxes decline, General Fund is adjusted to fund that minimum guarantee. Further, in recent years, Finance has proposed adjustments to backfill the general apportionment with General Fund when property taxes come in lower than budgeted. Finance has also proposed similar adjustments for EPA revenues in recent years.

As the Governor and legislature deliberate on a final budget, we will keep you informed about expectations for final 2018-19 revenues. **In managing the general apportionment within the available appropriations, the Chancellor's Office would expect to apportion to districts (in 2018-19) at least their 2017-18 TCR, adjusted by the 2018-19 COLA. (This version of the first principal apportionment has not yet taken this approach into account, but future versions will do so.)** We will continue to work with the Governor and the Legislature to obtain the adjustments to the current-year appropriation to fund the full costs of the general apportionment. With that said, if any reductions are required, they would be made to revenues in excess of the 2017-18 TCR, adjusted by the 2018-19 COLA.

2018-19 P1 – EXHIBIT C

This report has been reformatted to display the components used in the new SCFF, which became effective July 2018. A reference guide is being developed and will be published as soon as possible. Further, the Chancellor's Office will hold a webinar on Friday, March 8, at 2:00 pm to discuss the new exhibit.

FURTHER CLARIFICATIONS

Below are clarifications on some areas of the general apportionment. Any necessary changes will be made to district apportionments in April.

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- The “deficit” reflects past practices on the general apportionment. It will be adjusted moving forward. Currently, there is some variation in the percentage across districts that are not “basic aid.” The variation exists because:
 - A district returned a prior year overpayment via the apportionment process.
 - The Education Protection Account payments were allocated to three non-“basic aid” districts at a rate higher than \$100 per FTES but lower than the max of \$904 per FTES. Currently, the calculations for these three districts reflect no “deficit.” These broader changes will be made in April to encompass this issue.
- The “Statewide 2017-18 TCR + COLA” of \$6,950,418,729 included in Exhibit C is slightly higher than the posted “Statewide 2017-18 R1 Exhibit E” (\$6,764,387,243 plus COLA of \$183,314,894, which amounts to a total of \$6,947,702,137). Two districts repaid overpayments in 2017-18 by decreasing their TCR in 2017-18. In 2018-19, these districts’ 2017-18 TCRs were increased by \$2,716,952 to accurately reflect the TCR earned in 2017-18.
- The Full-Time Faculty Hiring apportionment (2015-16 funds only) as displayed in Exhibit C is based on COLA and the base increase rate as of the 2017-18 P2 period. This will be updated to reflect the most current data (2017-18 R1).
- In “Section Ia: Base Allocation,” the “2017-18 Funded FTES” incorrectly displays some 2016-17 data. This will be updated in the April version.
- In “Section Ia: Base Allocation,” the “Total FTES Revenue \$” are calculated using FTES rates rounded in whole dollars. The base revenues used to calculate the TCR, which then are used to calculate the General Apportionment, used unrounded rates. This will be corrected in the April version; the unrounded FTES rates will be used, with total revenue rounded to whole dollars. (The differences are minimal.)
- In “Section Id: Basic Allocation Revenue Calculation,” the 2017-18 FTES used to determine the size of each college or center will be corrected in the April version of Exhibit C to use current year FTES.
- In “Section III: Student Success Allocation,” the rates are displayed to two decimal points. During presentations, the rates were displayed as whole dollars. For calculating the TCR, the Chancellor’s Office will use unrounded rates and round revenues to whole dollars at the end of the calculation. This will be corrected in the April version.

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2017-18 R1 – EXHIBIT E

This report reflects the TCR for each district based on final reported FTES, enrollment fees, and property taxes. Funding sources for 2017-18 are enrollment fees, property taxes, EPA revenues, general apportionment, and one other category—Full-Time Faculty Hiring (FTFH) funds. All districts are eligible for FTFH funds, which are detailed in Section VIII District Revenue Sources.

EDUCATION PROTECTION ACCOUNT (EPA)

The EPA has been recalculated to include the most current General Apportionment calculations and will be available on the Fiscal Services website in late March.

HIGHLIGHTS

CERTIFIED NURSE ASSISTANT PROGRAMS

\$2 million is available on a one-time basis to increase the number of certified nurse assistant programs or increase the number of certified nurse assistants completing the certified nurse assistant program. Contact Brenda Fong, Specialist, at bfong@cccco.edu for additional information.

LEGAL SERVICES TO UNDOCUMENTED STUDENTS

Section 74 of Assembly Bill (AB) 1809 (Chapter 33, Statutes of 2018) appropriated \$10 million to the Board of Governors of the California Community Colleges for purposes of providing legal services to undocumented students and families on California Community College campuses, through an existing legal services program of the California Department of Social Services (CDSS). The Los Angeles Community College District (LACCD) will provide fiscal agent services to facilitate the delivery of funds to CDSS for the provision of services, consistent with the legislation. Contact Laura Metune, Vice Chancellor of the Governmental Relations Division, at lmetulan@cccco.edu for additional information.

For questions about general apportionments, contact apportionments@cccco.edu or the staff listed below.

General Apportionments:

Randy Fong
rfong@cccco.edu, (916) 327-6238

Patricia Servin
pservin@cccco.edu, (916) 445-1163

Categorical Apportionments:

Patricia Servin
pservin@cccco.edu, (916) 445-1163

Jubilee Smallwood
jsmallwood@cccco.edu, (916) 327-6225

Chay Yang
cyang@cccco.edu, (916) 445-8283

CATEGORICAL PROGRAM APPORTIONMENTS CONTACTS

Program	Name	Email Address	Phone number
Adult Education	Neil Kelly	nkelly@cccco.edu	(916) 324-8895
Apprenticeship	Nick Esquivel	nesquivel@cccco.edu	(916) 445-4670
Apprenticeship Instruction and Training	Nick Esquivel	nesquivel@cccco.edu	(916) 445-4670
Basic Skills	Chantée Guiney	cguiney@cccco.edu	(916) 322-4260
CalWORKs	Karen Baker	kbaker@cccco.edu	(916) 445-8504
California College Promise	Ruby Nieto	rnieto@cccco.edu	(916) 322-4300
Campus Child Care & Development	Jillian Luis	jluis@cccco.edu	(916) 322-5246
Certified Nurse Assistant Program	Brenda Fong	bfong@cccco.edu	(916) 323-2758
Chancellor's Office Tax Offset Program (COTOP)	Terence Gardner	tgardner@cccco.edu	(916) 322-7412
Cooperating Agencies for Foster Youth Education Support (CAFYES)	Colleen Ganley	cganley@cccco.edu	(916) 323-3865
Cooperative Agencies Resources for Education (CARE)	Rosa Estrada	restrada@cccco.edu	(916) 323-2759
Disabled Student Programs and Services (DSPS)	Linda Vann	lvann@cccco.edu	(916) 322-3234
Equal Employment Opportunity	Legal Main Line	legalaffairs@cccco.edu	(916) 445-4826
Expanding the Delivery of Courses through Technology	Gary Bird	gbird@cccco.edu	(916) 327-5904
Extended Opportunity Programs and Services (EOPS)	Rosa Estrada	restrada@cccco.edu	(916) 323-2759
Foster and Kinship Care Education (FKCE)	Jillian Luis	jluis@cccco.edu	(916) 322-5246
Full-Time Faculty Hiring	Chay Yang	cyang@cccco.edu	(916) 445-8283

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Program	Name	Email Address	Phone number
Full-Time Student Success Grant	Ruby Nieto	rnieto@cccco.edu	(916) 322-4300
Guided Pathways (apportionments contact)	Michael Quiaoit	mquiaoit@cccco.edu	(916) 327-6222
Guided Pathways (program contact)	Mia Keeley	mkeeley@cccco.edu	(916) 327-5898
K-12 Strong Workforce Program	Matthew Roberts	mroberts@cccco.edu	(916) 445-7692
Legal Services to Undocumented Students	Laura Metune	lmetulan@cccco.edu	(916) 323-5951
Mental Health Services	Nicole Alexander	nalexander@cccco.edu	(916) 322-7924
Nursing Program Support	Brenda Fong	bfong@cccco.edu	(916) 323-2758
Part-time Faculty Compensation	Michael Yarber	myarber@cccco.edu	(916) 322-5815
Part-time Faculty Health Insurance	Michael Yarber	myarber@cccco.edu	(916) 322-5815
Part-time Faculty Office Hours	Michael Yarber	myarber@cccco.edu	(916) 322-5815
Physical Plant and Instructional Support	Hoang Nguyen	hnguyen@cccco.edu	(916) 327-5363
Strong Workforce Program	Nita Patel	npatel@cccco.edu	(916) 327-6226
Student Basic Needs	Colleen Ganley	cganley@cccco.edu	(916) 323-3865
Student Equity and Achievement	Michael Quiaoit	mquiaoit@cccco.edu	(916) 327-6222
Student Financial Aid Program	Ruby Nieto	rnieto@cccco.edu	(916) 322-4300
Student Success and Support Program	Rhonda Mohr	rmohr@cccco.edu	(916) 323-6894
Telecommunications and Technology Infrastructure Program (TTIP)	Gary Bird	gbird@cccco.edu	(916) 327-5904
Temporary Assistance Needy Families (TANF)	Karen Baker	kbaker@cccco.edu	(916) 445-8504
Transfer and Articulation	Bob Quinn	bquinn@cccco.edu	(916) 324-2358
Veteran Resource Center	Michael Quiaoit	mquiaoit@cccco.edu	(916) 327-6222