



California Community Colleges

MEMORANDUM

Fiscal Services 21-01 | Via Website

March 1, 2021

TO: Chief Executive Officers
Chief Business Officers

FROM: Fiscal Services Unit
College Finance and Facilities Planning Division

RE: 2019-20 Recalculation and 2020-21 First Principal Apportionment Calculations

This memo describes the 2019-20 Recalculation (R1) and 2020-21 First Principal (P1) apportionment calculations for the Student Centered Funding Formula (SCFF) and various categorical programs. 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, please contact the appropriate staff identified in the contact list at the end of this memo.

GENERAL BACKGROUND

The 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. Generally, the Chancellor's Office certifies apportionments three times per year with P1 and R1 releases in February, Second principal (P2) in June, and Advance in July, however additional certifications are completed as necessary.

2019-20 R1

EXHIBITS

- District Monthly Payments by Program, Exhibit D
- County Monthly Payment Schedule, Exhibit B-4
- 2019-20 Recalculation by District, Exhibit C

BACKGROUND

The 2019-20 R1 apportionment makes the following revisions to the 2019-20 P2 apportionment:

- Updated full-time equivalent students (FTES) data.
- Updated offsetting revenues, including district reported property taxes and student enrollment fees.
- A revised deficit of 0.42% (\$28.9 million) that is addressed by applying a proportional reduction to non-excess tax districts Total Computational Revenue and state General Fund allocations.
- Other minor adjustments.

CHANGES FROM P2

The Total Computational Revenue (TCR) increased from the Second Principal Apportionment (P2) by \$14.7 million to \$7.447 billion. The General Fund deficit decreased by \$59.6 million, primarily due to \$46.0 million in higher offsetting local revenues. The \$28.9 million deficit is addressed by applying a proportional reduction of 0.42% to non-excess tax district TCR and state General Fund allocations. At R1, 30 districts were funded under hold harmless protections amounting to \$154 million in funding above SCFF calculated revenue.

I. Base Allocation (FTES + Basic Allocation)	5,209.4
II. Supplemental Allocation	1,389.0
III. Student Success Allocation	694.7
SCFF Calculated Revenue	7,293.2
Hold Harmless Protection Adjustment	154.3
2019-20 TCR	7,447.5

Net offsetting property tax revenues increased by \$67.8 million from P2 to R1 while offsetting enrollment fee revenues decreased by \$21.8 million. Given the importance of the accuracy of this information, additional time was invested to analyze discrepancies between district and county reported property tax revenues as well as differences between enrollment fees reported in the annual 311 report and district enrollment fee revenue reports. Many districts have been contacted and we appreciate your responsiveness. This analysis will continue into the spring with any further adjustments being included in an update to R1.

The Chancellor's Office anticipates releasing an updated 2019-20 R1 in June to account for any updated data points associated with audit findings, further review of local offsetting revenues, or any other prior year revisions.

2020-21 P1

EXHIBITS

- District Monthly Payments by Program, Exhibit A
- County Monthly Payment Schedule, Exhibit B-4
- 2020-21 First Principal by District, Exhibit C
- 2020-21 Educational Revenue Augmentation Fund (ERAF) and Property Tax Memo
- 2020-21 First Principal ERAF and Property Tax Distribution by County and District

BACKGROUND

At the 2020-21 Advance apportionment the Chancellor's Office used assumptions and estimates for the major components of the SCFF consistent with factors used to develop the Budget Act. At P1, we update the SCFF calculation to reflect district reported FTES estimates (with the option to use prior year FTES due to COVID-19), Supplemental and Success metric data received through January 27th, county reported property tax data, district reported enrollment fee data, minor revisions to Education Protection Account estimates based on changes in FTES, and available state General Fund (which did not change). The TCR is reflected below and in the Exhibit C posted on our website. Both reflect the inclusion of the newly applicable TCR stability protection, which provides the greater of current year or prior year TCR.

I. Base Allocation (FTES + Basic Allocation)	5,141.5
II. Supplemental Allocation	1,371.3
III. Student Success Allocation	762.4
2020-21 SCFF Calculated Revenue	7,275.2
2020-21 Stability Protection Adjustment	83.6
2020-21 Hold Harmless Protection Adjustment	132.5
2020-21 TCR	7,491.2

DEFERRALS

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 is deferred from 2020-21 to 2021-22 based on the following schedule:

- \$253,243,000 of the February 2021 apportionment revenue shall be deferred to November 2021.
- \$300,000,000 of the March 2021 apportionment revenue shall be deferred to October 2021.
- \$300,000,000 of the April 2021 apportionment revenue shall be deferred to

- September 2021.
- \$300,000,000 of the May 2021 apportionment revenue shall be deferred to August 2021.
- \$300,000,000 of the June 2021 apportionment revenue shall be deferred to July 2021.

As a result, no further SCFF state General Fund apportionment payments will be made based on the 2019-20 R1 and 2020-21 P1 certifications until payments resume in July 2021. Applicable categorical program funding will continue from February through June 2021 as specified in the posted Exhibit A. As a reminder, the 2020-21 Advance apportionment accelerated the disbursement of most categorical program funding by releasing funds by January 2021 rather than June 2021 to assist districts with cash flow.

SCFF SUPPLEMENTAL AND SUCCESS DATA

The supplemental and success components of the SCFF rely on the validation of several data points to accurately determine appropriate funding levels – three (3) data points from the prior year and a three-year (3-year) prior year average of 24 additional categories of data are used to determine over \$2.1 billion in funding within the Supplemental and Success portions of the SCFF.

Given the importance of the accuracy of this data, we ask that any necessary validation and revision to district data published in the Exhibit C be updated by appropriate district staff through the **March 8th data validation period**. Updates will be used at the P2 certification in June and will ultimately be used by the Department of Finance to help estimate budget year SCFF funding needs. Further, this data will be subject to audit beginning in 2020-21.

AVAILABLE RESOURCES AT P1

The estimates of local property tax and enrollment fee revenue used to determine the General Fund amount needed to fully fund the 2020-21 SCFF are higher in the Budget Act than what has been reported for the P1 certification. Specifically, there is currently a \$91 million shortfall in net offsetting property taxes and a \$19 million shortfall in offsetting enrollment fee revenue compared to the estimates used in the Budget Act. Additionally, the amount needed to fully fund the TCR was underestimated by more than \$50 million. These are the primary variances that result in a \$163 million General Fund shortfall. To align TCR with available resources, a proportional deficit of 2.3826% to non-excess tax district TCR and state General Fund allocations is applied.

Because excess tax districts do not receive General Fund (with the exception of required minimum EPA payments and 2015-16 Full-Time Faculty allocations), they do not participate in the proportional reduction. Consistent with past practice, revenue deficits are resolved through a proportional reduction to TCR, which proportionally decreases district General Fund need. This reduction is not an official reduction to TCR, rather it is only used to apply a proportional reduction to general apportionments to align with available General Fund.

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 to 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.

FUNDING PROTECTIONS

There are several funding protections applicable under the SCFF, some of which have been carried over from the prior SB 361 funding formula. These are summarized below.

Main SCFF 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 is valid through 2023-24.
One Year SCFF TCR Protection (ECS 84750.4(g)(4)(A))	Commencing in 2020-21 declines in the SCFF TCR without the main hold harmless are applicable in the year after the decline. 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 and is used prior to any growth funding.
Basic Allocation Protection	Declines in Basic Allocation Tiers are effective 3 years after the initial decline.
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 the 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 its implementation. In January 2021, the Chancellor's Office released a new comparison tool on its website to display funding changes between the SCFF and SB 361. The SCFF expanded on enrollment-based funding to support student equity by targeting funds to districts serving low-income students as well as emphasizing student success by providing districts with additional resources for students' successful outcomes. The new SCFF Dashboard tool

provides districts with details on how revenues are calculated and distributed based on total computational revenue in contrast to how funding would have been calculated under SB 361.

The next phase of the SCFF Dashboard will provide an in-depth view of emerging trends in low-income student enrollment and student success through an analysis of the Supplement and Success allocation data. Further dialogue with the field will inform future iterations of the SCFF Dashboard to support districts in understanding funding levels and estimating future revenues under various scenarios.

EDUCATION PROTECTION ACCOUNT

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

CONTACTS

For any general questions regarding this memorandum, please contact the Fiscal Services Unit at apportionments@ccc.co.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
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 Edu (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
Disabled Student Programs and Services (DSPS)	Linda Vann	lvann@cccco.edu	(916) 322-3234
Digital Course Materials	Leslie LeBlanc	lleblance@cccco.edu	(916) 323-2768
Equal Employment Opportunity	Legal Main Line	legalaffairs@cccco.edu	(916) 445-4826
Expanding the Delivery of Courses through Tech	Gary Bird	gbird@cccco.edu	(916) 327-5904
Extended Opportunity Prog 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	rtartiga@cccco.edu	(916) 323-6899
Full-Time Student Success Grant	Ruby Nieto	rnieto@cccco.edu	(916) 322-4300
Guided Pathways	Michael Quiaoit	mquiaoit@cccco.edu	(916) 327-0749
Integrated Technology	Gary Bird	gbird@cccco.edu	(916) 327-5904
K-12 Strong Workforce Program	Dalbir Singh	dsingh@cccco.edu	(916) 322-0935
Maintenance Allowance	Rafael Artiga	rtartiga@cccco.edu	(916) 323-6899
Mental Health Services	Nicole Alexander	nalexander@cccco.edu	(916) 322-7924
NextUp (CAFYES)	Colleen Ganley	cganley@cccco.edu	(916) 323-3865
Nursing Program Support	Brenda Fong	bfong@cccco.edu	(916) 323-2758
Part-time Faculty Compensation	Rafael Artiga	rtartiga@cccco.edu	(916) 323-6899
Part-time Faculty Health Insurance	Amanda Voie	avoie@cccco.edu	(916) 323-1759
Part-time Faculty Office Hours	Amanda Voie	avoie@cccco.edu	(916) 323-1759
Physical Plant and Instructional Support	Hoang Nguyen	hnguyen@cccco.edu	(916) 327-5363
State Hospital	Linda Vann	lvann@cccco.edu	(916) 322-3234
Strong Workforce Program	Sandra Sanchez	ssanchez@cccco.edu	(916) 322-0935
Student Basic Needs	Colleen Ganley	cganley@cccco.edu	(916) 323-3865
Student Equity and Achievement	Michael Quiaoit	mquiaoit@cccco.edu	(916) 327-0749
Student Financial Aid Program	Ruby Nieto	rnieto@cccco.edu	(916) 322-4300
Student Success Completion Grant	Ruby Nieto	rnieto@cccco.edu	(916) 322-4300
Temporary Assistance Needy Families (TANF)	Nicole Alexander	nalexander@cccco.edu	(916) 324-7913
Veteran Resource Center	Jackie Chacon	jchacon@cccco.edu	(916) 327-5361
Veteran's Program	Jackie Chacon	jchacon@cccco.edu	(916) 327-5361
Vocational Education, Perkins Reimbursement	Jean Claude Mbomeda	jmbomeda@cccco.edu	(916) 322-6883