



California Community Colleges

MEMORANDUM

Apportionments 20-01 | Via Website

July 30, 2020

TO: Chief Executive Officers
Chief Business Officers
District Staff

FROM: Fiscal Services Unit
College Finance and Facilities Planning Division

RE: 2020-21 Advance Principal Apportionment

The 2020 Budget Act (Senate Bill 74 as amended by Assembly Bill 89) appropriates funds for various purposes, including the Student Centered Funding Formula (SCFF) and other categorical program apportionments to the California Community Colleges. The 2020-21 Advance Principal Apportionment exhibits reflect those apportionments and are now available on the Chancellor's Office's [Fiscal Services Unit Apportionment Reports website](#). Generally, the Chancellor's Office releases apportionment memos three times per year:

- Advance Principal Apportionment - July
- First Principal Apportionment and Recalculation - February
- P2 apportionment - June

For questions regarding the 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.

2020-21 Advance

EXHIBITS

This memo is accompanied by the following Exhibits:

- Exhibit A: Monthly District Apportionments and Payments by Program
- Exhibit B-4: Monthly Payment Schedule by County and District
- Exhibit R: SCFF 2020-21 Advance Apportionment Detail

- Exhibit B-4c: Apprenticeship Training and Instruction, Monthly Payment by County and LEA

BACKGROUND

At the Advance apportionment, the Chancellor's Office uses assumptions and estimates for the major components of the SCFF that are largely consistent with factors used to develop the Budget Act to provide resources for the first seven (7) months of the fiscal year. Ultimately, this preliminary estimate of district Total Computational Revenue (TCR) and offsetting revenues will differ from calculations used during subsequent apportionment periods when more refined data points are available. The Advance apportionment provides an SCFF general apportionment certification that is based on the highest of the following:

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

With respect to full-time equivalent student (FTES) and supplemental and success data points, values from 2019-20 were carried forward to 2020-21. With regard to offsetting property tax and enrollment fee revenues, the Advance apportionment reflects the estimates used to develop the General Fund appropriations included in the 2020 Budget Act. Consistent with prior years, the Budget Act does not formalize any automatic increases in state General Fund appropriations for cases when offsetting revenue collections are lower than original estimates.

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 apportionment, property taxes, enrollment fees, 2015-16 Full-Time Faculty Hiring allocations, and Education Protection Account (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.

REVENUE DEFICIT

Despite aligning major components of the SCFF to estimates used at the Budget Act, there remains a slight shortfall in estimated General Fund need versus appropriated General Fund. This estimated need is based on the General Fund appropriated in the Budget Act and the amount deferred from the SCFF appropriation into the 2021-22 fiscal year. To align General Fund disbursements with available resources, a proportional reduction of 0.35% to almost all districts is required. 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 our system. Unlike K-12 education funding, there is no automatic backfill or continuous appropriation 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.

DEFERRALS

The coronavirus disease 2019 (COVID-19) pandemic has resulted in enormous hardship for families, businesses, and governments at all levels. In addition, the emergency has caused a seismic shift in the state's economic conditions. The enacted budget is reflective of this reality and includes an unprecedented level of deferrals (delayed payments) to schools and community colleges.

The 2020 Budget Act defers a total of \$1.45 billion in apportionment funding 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.

These deferrals were all reduced from the 2020-21 SCFF budget schedule, however this level of deferral cannot be made solely from the SCFF budget schedule during the months specified in statute. The current estimated SCFF apportionment need is \$2.6 billion, leaving slightly more than \$1.1 billion available to fund the SCFF budget schedule for the first 7 months of the fiscal year before deferrals become applicable. However, based on the traditional monthly apportionment schedule, available General Fund for the SCFF will be exhausted in November. To address this situation, the Budget Act provides authority for the Chancellor's Office to use funds from categorical programs for the SCFF budget schedule to the extent necessary to ensure the deferrals begin according to the schedule in statute and that SCFF apportionments are funded for the first 7 months of the year.

This version of the Advance apportionment reflects SCFF General Fund running out in November because at the time of payment it was unclear whether the use of categorical funds could occur before the deferral statute becomes operative. Since then, we have received confirmation that this substitution can be processed immediately. We plan to complete an August revision to the Advance apportionment that reflects a backfill from categorical funds that allows for SCFF payments to be made through January with deferrals

becoming effective in February, consistent with the 2020 Budget Act. Additional detail on which categorical program will be deferred will be provided in the revised Advance apportionment.

To distribute the impact of deferrals as equitably as possible, the deferrals will largely be made in proportion to district TCR. This process adjusts SCFF general apportionment funds so that a specified minimum amount of TCR is provided after accounting for all revenue sources. The process results in all districts receiving a minimum of approximately 76% of their TCR, based on current revenue projections without a shift of categorical program funds to the SCFF. Districts with more than 76% of their TCR covered by other revenues sources would still receive that higher funding, but would receive no additional SCFF general apportionment until deferrals are repaid in 2021-22. This version of the Advance apportionment reflects this deferral allocation. The August revision to the Advance apportionment that uses categorical program funding for the SCFF is estimated to result in a minimum TCR funding level of 83.00%. At the August revision we plan to provide a 12 month version of the Exhibit A that reflects updated SCFF and categorical program payments that includes the impacts of the deferrals and use of categorical program funding to meet the deferral schedule and SCFF payment needs.

State leaders hope to receive federal aid to rescind a portion of the deferrals—\$791 million of the \$1.45 billion total. However, such funding is not assured. Should federal resources become available, the deferral schedule may change to reflect stimulus support.

CONTACTS

For any general questions regarding this memorandum, please 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
Cooperative Agencies Resources for Education	Jillian Luis	jluis@cccco.edu	(916) 322-5246
California College Promise	Ruby Nieto	rnieto@cccco.edu	(916) 322-4300
CalWORKs	Karen Baker	kbaker@cccco.edu	(916) 445-8504
Childcare Tax Bailout	Rina Rojas	rrojas@cccco.edu	(916) 324-2564
College Promise (BOG Fee Waivers Admin)	Ruby Nieto	rnieto@cccco.edu	(916) 322-4300
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State Hospital	Linda Vann	lvann@cccco.edu	(916) 322-3234
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Student Equity and Achievement	Barbara Lezon	blezon@cccco.edu	(916) 323-5275
Student Success Completion Grant	Ruby Nieto	rnieto@cccco.edu	(916) 322-4300
Veteran Resource Center	Jackie Chacon	jchacon@cccco.edu	(916) 327-5361
Prior Year Correction, Categorical	Jubilee Smallwood	jsmallwood@cccco.edu	(916) 327-6225