



California Community Colleges

MEMORANDUM

Apportionments 20-03| Via Website

September 28, 2020

TO: Chief Executive Officers
Chief Business Officers
CCCCO – All Staff

FROM: Fiscal Services Unit
College Finance and Facilities Planning Division

RE: September Revision to the 2019-20 Second Principal & 2020-21 Advance Apportionment

This memo reflects September updates to the 2019-20 Second Principal (P2) and 2020-21 Advance (AD) Apportionment certifications and supersedes Apportionments Memos 19-05, 20-01, and 20-02. The 2020 Budget Act (Senate Bill 74 as amended by Assembly Bill 89 and associated trailer bill) appropriates funds for various purposes to the California Community Colleges, including the Student Centered Funding Formula (SCFF) and other categorical programs. The September revisions to the 2019-20 P2 and 2020-21 AD are reflected in the exhibits referenced below and are available on the Chancellor's Office's [Fiscal Services Unit Apportionment Reports website](#).

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.

EXHIBITS

This memo is accompanied by the following September Revision exhibits:

- 2020-21 AD Exhibit R: SCFF Apportionment Summary Schedule.
- 2020-21 AD Exhibit A12: Monthly District Apportionments and Payments by Program.
- 2020-21 AD B-4: Monthly Payment Schedule by County and District.
- 2019-20 P2 Exhibit A Net Gen Summary: Reflects the allocation of \$330 million in additional General Fund towards the 2019-20 P2 SCFF.

- 2019-20 P2 Exhibit C (Pending): Reflects District SCFF funding based on appropriated General Fund resources.
- 2020-21 EPA Quarterly Payment Exhibit B4

Summary of Changes:

Changes since the prior 2019-20 P2 and 2020-21 AD certifications include the following:

- Disbursement of \$162 million and \$330 million in 2019-20 SCFF General Fund in August and September, respectively.
- Apportionment of 2020-21 SCFF General Fund through January instead of November through a deferral of Student Equity and Achievement (SEA) program funding beginning in August to align with the statutory deferral schedule.
- Accelerated payment of a majority of other 2020-21 categorical program funding, through January 2021 instead of June 2021, to assist districts with cash flow flexibility.
- Reflects payment of the September 2020 quarterly EPA payment net of the 2019-20 overpayment and minor prior year net zero adjustments associated with FTES changes.

SEPTEMBER REVISION BACKGROUND

2019-20 P2:

The September revision to the 2019-20 P2 includes the disbursement of an additional \$330 million in state General Fund out of the \$516 million that was appropriated to the 2019-20 SCFF as a part of the 2020 Budget Act. This brings the total additional disbursements from General Fund included in the 2020 Budget Act to \$492 million. The remaining \$24 million in authority is anticipated to be disbursed as a part of Recalculation in February. The 2019-20 P2 Exhibit C reflects the availability of all of the appropriated General Fund resources and reflects a revenue deficit of 0.95%. The 2019-20 P2 Exhibit A Net Gen Summary reflects this level of deficit in the certification, payments through August, the additional \$330 million allocated in September and the remaining net General Fund that will be disbursed by Recalculation.

2020-21 AD:

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, property taxes, enrollment fees, 2015-16 Full-Time Faculty Hiring, 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.

ADJUSTMENTS

Revenue Deficits:

Despite aligning major components of Apportionments to estimates used at the Budget Act, there remains a shortfall in estimated General Fund need versus appropriated General Fund. To align General Fund disbursements with available resources, a proportional reduction of 0.85% to almost all districts is required. The 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. 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 2020-21 SCFF General Fund need is \$2.6 billion, leaving a balance of just over \$1.1 billion 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 would be exhausted in November. To address this situation, the Budget Act provides authority for the Chancellor's Office to defer categorical program funding and transfer those resources to 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.

The September revision of the Advance Apportionment reflects the transfer of \$415 million in SEA program resources to the SCFF so that deferrals can be made as specified in statute and SCFF General Fund apportionments can be made through January as intended. SEA funds will be included as part of the \$1.45 billion budget deferral. Deferrals generally allow districts to proceed without interruption to programs. Districts rely on savings and low cost borrowing to supplement cash flow in order to maintain the same level of service.

Deferral Equity:

A district's reliance on the General Fund to cover their TCR varies widely depending on district property tax receipts. As a result, General Fund deferrals do not equitably impact districts across our system. To distribute the impact of deferrals as equitably as possible, 2020-21 deferrals will largely be made in proportion to district TCR. This process adjusts apportionments so that a specified minimum amount of TCR is provided after accounting for all revenue sources including General Fund, property taxes, enrollment fees, 2015-16 Full-

Time Faculty Hiring, and EPA. The process results in all districts receiving a minimum of approximately 83% of their TCR. Districts with more than 83% of their TCR covered by other revenues sources will still receive that higher funding, but receive no additional SCFF General Fund apportionment until deferrals are repaid in 2021-22.

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.

Education Protection Account:

The September 2020-21 quarterly EPA payment has been made to districts and is based on the following:

- Estimated 2020-21 EPA revenues of \$1,089 million as provided by the Department of Finance.
- An overpayment of \$211 million in 2019-20 when \$733 million in payments were made through the first three quarters of the year based on a 2019-20 EPA estimate of \$977 million that was reduced to \$522 million by the Department of Finance.
- A net statewide payment of \$61 million based on a full quarterly payment of \$272 million reduced by the \$211 million 2019-20 overpayment.
- Minor net zero revisions to prior year allocations related to revised funded FTES and the release of additional 2019-20 General Fund.

See exhibits on our website for details by district.

Categorical Programs:

The 2020-21 AD also accelerates the disbursement of most categorical program funding, releasing funds by January 2021 rather than June 2021, to assist districts with cash flow. The Exhibit A12 provides anticipated apportionment allocations for the SCFF and the majority of categorical programs through the end of this fiscal year to assist with cash flow planning. The Exhibit R reflects the amount of funds deferred to 2021-22 for each district from their SCFF General Fund and SEA program allocations that will be repaid from July through November of 2021.

This revision also includes the allocation of nearly half of the COVID-19 Response Block Grant funding. The remaining \$66 million is pending the administrative establishment of expenditure at the SCO. We anticipate being able to disburse these funds in October. See Fiscal Standards memo 20-08 at the following [link for additional details](#).

Contacts:

For any general questions regarding this memorandum, please contact the Fiscal Services Unit at apportionments@cccoco.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
COVID-19 Response Block Grant	Lorena Romero	lromero@cccco.edu	(916) 322-3668
California College Promise	Ruby Nieto	rnieto@cccco.edu	(916) 322-4300
CalWORKs	Mia Keeley	mkeeley@cccco.edu	(916) 327-5898
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
College Rapid Rehousing	Colleen Ganley	cganley@cccco.edu	(916) 323-3865
College Specific Allocations	Jubilee Smallwood	jsmallwood@cccco.edu	(916) 327-6225
Cooperative Agencies Resources for Education	Jillian Luis	jluis@cccco.edu	(916) 322-5246
Disabled Student Program	Linda Vann	lvann@cccco.edu	(916) 322-3234
Deaf and Hard of Hearing	Linda Vann	lvann@cccco.edu	(916) 322-3234
Digital Course Materials	Leslie LeBlanc	lleblance@cccco.edu	(916) 323-2768
Extended Opportunity Programs and Services	Jillian Luis	jluis@cccco.edu	(916) 322-5246
Equal Employment Opportunity	Legal Main Line	legallaffairs@cccco.edu	(916) 445-4826
Financial Aid Technology	Gina Browne	gbrowne@cccco.edu	(916) 324-4744
Foster Care Education Program	Rina Rojas	rrojas@cccco.edu	(916) 324-2564
Full Time Faculty Hiring	Michael Yarber	myarber@cccco.edu	(916) 322-5815
Guided Pathways	Barbara Lezon	blezon@cccco.edu	(916) 323-5275
Hunger Free Campus	Colleen Ganley	cganley@cccco.edu	(916) 323-3865
Integrated Technology	Gary Bird	gbird@cccco.edu	(916) 327-5904
K12 Strong Workforce	Sandra Sanchez	ssanchez@cccco.edu	(916) 322-0935
Maintenance Allowance	Wrenna Finche	wfinche@cccco.edu	(916) 445-8026
Nextup	Colleen Ganley	cganley@cccco.edu	(916) 323-3865
Nursing Education	Brenda Fong	bfong@cccco.edu	(916) 323-2758
Part-Time Faculty Compensation	Michael Yarber	myarber@cccco.edu	(916) 322-5815
PT Health Ins. Benefits	Michael Yarber	myarber@cccco.edu	(916) 322-5815
PT Office Hours	Michael Yarber	myarber@cccco.edu	(916) 322-5815
Physical Plant and Instructional Planning	Hoang Nguyen	hnguyen@cccco.edu	(916) 327-5363
Return to IV	Ruby Nieto	rnieto@cccco.edu	(916) 322-4300
Student Financial Aid Admin	Ruby Nieto	rnieto@cccco.edu	(916) 322-4300
Special Trustee AB318 Restricted Exp	Patricia Servin	pservin@cccco.edu	(916) 445-1163
State Hospital	Linda Vann	lvann@cccco.edu	(916) 322-3234
Strong Workforce Program	Sandra Sanchez	ssanchez@cccco.edu	(916) 322-0935
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

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2019-20 Second Principal Apportionment September Revision (Pending)
Southwestern CCD
Exhibit C - Page 1**

Total Computational Revenue and Revenue Sources

Total Computational Revenue (TCR)			
I. Base Allocation (FTES + Basic Allocation)		\$	66,810,329
II. Supplemental Allocation			21,247,524
III. Student Success Allocation			8,351,874
		Student Centered Funding Formula (SCFF) Calculated Revenue	\$ 96,409,727
		2019-20 Hold Harmless Protection Adjustment	1,813,877
		2019-20 TCR	\$ 98,223,604
Revenue Sources			
Property Tax		\$	31,206,131
Less Property Tax Excess			-
Student Enrollment Fees			5,006,147
Education Protection Account (EPA)	Calculation: Funded FTES x \$100 min or \$520.04 max	Funded FTES: 14,209.08	x Rate: \$511.81
State General Entitlement			7,272,384
			53,805,665
Exhibit A			
Main General Fund Apportionment	\$	52,955,533	
Full-Time Faculty Hiring (FTFH) Apportionment (2015-16 Funds Only)		850,132	
	Total State General Entitlement	\$53,805,665	
Adjustment(s)		-	
	Total Exhibit A	\$53,805,665	
		Available Revenue	\$ 97,290,327
		2019-20 TCR	98,223,604
	Revenue Deficit Percentage	0.9502%	Revenue Deficit \$ (933,277)

Supporting Sections

Section Ia: FTES Data and Calculations

variable	a	b	c	d	e	f = b + c + d + e	g = f (except credit = (a + b + f)/3)	h	i = g + h
FTES Category	2017-18 Funded	2018-19 Applied #3	2019-20 Restoration	2019-20 Decline	2019-20 Adjustment	2019-20 Applied #1	2019-20 Applied #2	2019-20 Growth	2019-20 Funded
Credit	12,778.47	14,199.03	488.99	-	-	14,688.02	13,888.51	-	13,888.51
Incarcerated Credit	72.45	62.87	(31.89)	-	-	30.98	30.98	-	30.98
Special Admit Credit	232.12	201.63	(12.13)	-	-	189.50	189.50	-	189.50
CDCP	38.40	44.87	5.95	-	-	50.82	50.82	-	50.82
Noncredit	196.28	185.89	(136.62)	-	-	49.27	49.27	-	49.27
Total FTES=>>>	13,317.72	14,694.29	314.30	-	-	15,008.59	14,209.08	-	14,209.08
Total Values=>>>		\$59,291,596	\$1,284,472	\$0	\$0				
Change from PY to CY=>>>		\$1,284,473							

variable	j = g x l	k = h x l	l	m = i x l
FTES Category	2019-20 Applied #2 Revenue	2019-20 Growth Revenue	2019-20 Rate \$	2019-20 Total Revenue
Credit	\$55,679,023	\$0	\$4,009.00	\$55,679,023
Incarcerated Credit	174,168	-	\$5,621.94	174,168
Special Admit Credit	1,065,358	-	\$5,621.94	1,065,358
CDCP	285,707	-	\$5,621.94	285,707
Noncredit	166,564	-	\$3,380.63	166,564
Total	\$57,370,820	\$0		\$57,370,820

n	o = f + h	p = n - o	q = p x l
2019-20 Applied #0	2019-20 Applied #3	2019-20 FTES Unapplied	2019-20 Total FTES Unapplied Value
14,688.02	14,688.02	-	\$0
30.98	30.98	-	-
189.50	189.50	-	-
50.82	50.82	-	-
49.27	49.27	(0.00)	-
15,008.59	15,008.59	(0.00)	\$0

Total Value=>>> \$60,576,069

Section Ib: 2019-20 FTES Modifications

variable	r	s	t	u	n = s + t + u	Definitions
Selected 320 FTES P1	Reported 320 P1 FTES	Reported 320 P2 FTES	Emergency Conditions Allowance (ECA) COVID-19	Other	2019-20 Applied #0	
Credit	14,688.02	14,230.96	457.06	-	14,688.02	18-19 App#3: 18-19 App#1 plus 18-19 Growth, is the base for 19-20
Incarcerated Credit	30.98	103.52	(72.54)	-	30.98	19-20 App#0: Reported P2FTES with COVID-19 and other ECA and statutory protections. These FTES are used in the calculations of the 19-20 funded FTES.
Special Admit Credit	189.50	188.32	1.18	-	189.50	19-20 App#1: Base for 19-20 plus any restoration, decline or adjustment
CDCP	50.82	32.02	18.80	-	50.82	19-20 App#2: FTES that will be funded not including growth
Noncredit	49.27	195.18	(145.91)	-	49.27	19-20 App#3: 19-20 App#1 plus Growth and will be used as the base for 20-21
Total	15,008.59	14,750.00	258.59	-	15,008.59	19-20 Adjustment: Alignment of FTES to available resources.

Change Prior Year to Current Year: 19-20 App#0 value minus 18-19 App#3 value and is the sum of CY restoration, decline, growth and unapplied values

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Section Ic: FTES Restoration Authority				
variable	v	w	y	aa = (v + w + y) x l
FTES Category	2016-17	2017-18	2018-19	Total \$
Credit	-	1,688.19	-	\$ 6,767,953
Incarcerated Credit	-	(106.57)	-	(599,130)
Special Admit Credit	-	(279.01)	-	(1,568,578)
CDCP	-	(5.90)	-	(33,169)
Noncredit	-	26.42	-	89,316
Total	-	1,323.13	-	\$4,656,392

Section Id: FTES Growth Allocation			
variable	ab	ac 2018-19	ad = ab x ac 2019-20
FTES Category	%target	Applied #3 FTES	Growth FTES
Credit	0.19%	14,199.03	26.39
Incarcerated Credit	0.19%	62.87	0.12
Special Admit Credit	0.19%	201.63	0.37
CDCP	0.19%	44.87	0.08
Noncredit	0.19%	185.89	0.35
Total		14,694.29	27.31
Total Growth FTES Value ==>>> \$			110,185

Section Ie: Basic Allocation

District Type/FTES	Funding Rate	Number of Colleges	Basic Allocation	FTES	Funding Rate	Number of Centers	Basic Allocation	
<u>Single College Districts</u>				<u>State Approved Centers</u>				
≥ 20,000	\$ 6,742,506.62	-	\$ -	≥ 1,000	\$ 1,348,501.11	3	\$ 4,045,503	
≥ 10,000 & < 20,000	5,394,005.51	1	5,394,006	<u>Grandparented Centers</u>				
< 10,000	4,045,502.28	-	-	≥ 1,000	1,348,501.11	-	-	
<u>Multi-College Districts</u>				≥ 750 & < 1,000	1,011,375.57	-	-	
≥ 20,000	5,394,005.51	-	-	≥ 500 & < 750	674,250.03	-	-	
≥ 10,000 & < 20,000	4,719,754.42	-	-	≥ 250 & < 500	337,125.54	-	-	
< 10,000	4,045,502.28	-	-	≥ 100 & < 250	168,563.83	-	-	
<u>Additional Rural \$</u>	1,286,718.94	-	-	Subtotal				
Subtotal			\$5,394,006	\$4,045,503				
							Total Basic Allocation	\$9,439,509
							Total FTES Allocation	57,370,820
							Total Base Allocation	\$66,810,329

Section II: Supplemental Allocation

Point Value \$948	Points	2018-19 Headcount	Rate	Revenue
AB540 Students	1	779	\$ 948.00	\$738,492
Pell Grant Recipients	1	6,795	\$ 948.00	6,441,660
Promise Grant Recipients	1	14,839	\$ 948.00	14,067,372
		Totals	22,413	\$21,247,524

Section III: Student Success Allocation

All Students	Point Value \$559	Points	Rate = Point Value x Points						
			2016-17 Headcount	2017-18 Headcount	2018-19 Headcount	Three Year Average	Rate	Revenue	
Associate Degrees for Transfer		4	584	678	782	681.33	\$2,236.00	\$1,523,461	
Associate Degrees		3	723	749	694	722.00	1,677.00	1,210,794	
Baccalaureate Degrees		3	-	-	-	-	1,677.00	0	
Credit Certificates		2	186	159	187	177.33	1,118.00	198,259	
Transfer Level Math and English		2	244	320	444	336.00	1,118.00	375,648	
Transfer to a Four Year University		1.5	722	669	750	713.67	838.50	598,410	
Nine or More CTE Units		1	2,031	2,091	2,261	2,127.67	559.00	1,189,366	
Regional Living Wage		1	1,618	1,619	1,678	1,638.33	559.00	915,828	
All Students Subtotal			6,108	6,285	6,796	6,396.333		\$6,011,766	
Pell Grant Recipients			Point Value \$141						
Associate Degrees for Transfer		6	364	404	450	406.00	\$846.00	\$343,476	
Associate Degrees		4.5	443	447	420	436.67	634.50	277,065	
Baccalaureate Degrees		4.5	-	-	-	-	634.50	0	
Credit Certificates		3	117	92	94	101.00	423.00	42,723	
Transfer Level Math and English		3	100	135	211	148.67	423.00	62,886	
Transfer		2.25	389	386	411	395.33	317.25	125,420	
Nine or More CTE Units		1.5	1,113	1,159	1,295	1,189.00	211.50	251,474	
Regional Living Wage		1.5	440	517	539	498.67	211.50	105,468	
Pell Grant Recipients Subtotal			2,966	3,140	3,420	3,175.33		\$1,208,512	
Promise Grant Recipients			Point Value \$141						
Associate Degrees for Transfer		4	476	537	605	539.33	\$564.00	\$304,184	
Associate Degrees		3	610	611	556	592.33	423.00	250,557	
Baccalaureate Degrees		3	-	-	-	-	423.00	0	
Credit Certificates		2	157	131	151	146.33	282.00	41,266	
Transfer Level Math and English		2	143	186	283	204.00	282.00	57,528	
Transfer		1.5	548	515	566	543.00	211.50	114,845	
Nine or More CTE Units		1	1,599	1,666	1,750	1,671.67	141.00	235,705	
Regional Living Wage		1	854	904	955	904.33	141.00	127,511	
Promise Grant Recipients Subtotal			4,387	4,550	4,866	4,601.00		\$1,131,596	
Total Headcounts			13,461.00	13,975.00	15,082.00	14,172.67			
Total Student Success Allocation								\$8,351,874	