

# Budget Response 2011-12 (Final Budget)

College Council - Feb 21, 2012

<b>Starting Budget Deficit for 2011-12</b>	<b>\$2,943,808</b>	
<b>Identified Increases:</b>		
PERS	\$38,462	
SUI	\$187,518	
Classified Reclass / Equity	\$115,552	
Property Insurance	\$17,000	
Utilities	\$72,063	???
Use of MCOE financial system	\$53,010	
Non-Resident Fee Decrease - Statewide Avg. Dropped	\$25,000	
Data Lines - Ed Ct.	\$34,005	???
<i>Mgmt, Conf &amp; Admin Step &amp; Long</i>	<i>\$42,174</i>	
<i>Classified Step &amp; Long</i>	<i>\$108,391</i>	
<i>Faculty Step &amp; Col - included in net retirement savings</i>	<i>\$0</i>	
Trustee Election	\$199,000	
Demographic Study	\$31,000	
Library Materials	\$70,000	
<b>Wage Concession: Net after adjustments</b>		
Management 2.02%	(\$70,094)	
Classified 2.52% / 3.02% prorated	(\$226,595)	
Faculty 2.02%	(\$344,587)	
	(\$641,276)	21.78%
<b>Attrition Savings: (in silos to arrive at wage concession)</b>		
Classified	(\$25,000)	
Management	(\$150,000)	
Faculty (1st year savings 11-12)	(\$636,288)	
	(\$811,288)	27.56%
<b>Other:</b>		
District one-time money	(\$750,000)	
15% reduction in department budgets	(\$105,000)	???
Reduction in ISAs	(\$439,000)	???
Reduction in Adjunct Budget because of workload reduction	(\$300,000)	???
PT Faculty Funding - faculty silo	(\$180,000)	
Reduced Support of CDC	(\$200,000)	???
Furlough Money for Classified from 10/11 - classified silo	(\$257,110)	
	(\$2,231,110)	75.79%
<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>		
Remaining Deficit before Medical Benefits Savings	\$253,309	8.60%

**Monterey Peninsula College - Apportionment Analysis**

2/19/2012 12:58

		FTES	
2010-11 Recalculation Apportionment <i>(released 2.16.12)</i>	\$37,527,828	7,682	} Workload Reduction
Apportionment Revenue Estimate - Final Budget 2011-12 *	\$34,672,630		
<i>Reduced Apportionment from Prior Yr.</i>	\$2,855,198		
2010-11 Recalculation Apportionment <i>(released 2.16.12)</i>	\$37,527,828		
First Principal Apportionment (P1) 2011-12 w/ Deficit Factor	\$33,850,335	7,095	
<i>Reduced Apportionment from Prior Yr.</i>	\$3,677,493	587	
 <b>Change between Final Adopted Budget and P1</b>	<b>\$822,295</b>		

\* Deficit factor and 2010-11 Recalc unknown at time of adoption

**STATE OF CALIFORNIA**

**JACK SCOTT, CHANCELLOR**

---

**CALIFORNIA COMMUNITY COLLEGES**

**CHANCELLOR'S OFFICE**

**1102 Q STREET**

**SACRAMENTO, CA 95811-6549**

**(916) 445-8752**

<http://www.cccco.edu>

## **BACKGROUND MEMO/INFORMATION**

2011-12 First Principal Apportionment - February 16, 2012

**SYNOPSIS:** The 2011-12 First Principal Apportionment for community college districts has been certified and the detailed information is available on the Chancellor's Office Fiscal Services Unit web site:

<http://www.cccco.edu/SystemOffice/Divisions/FinanceFacilities/FiscalServices/AllocationsSection/ApporrtionmentReports/tabid/329/Default.aspx>

The following exhibits are available for viewing.

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-3":	Categorical and One-time Apportionments
Exhibit "B-4":	Monthly Payment Schedule
Exhibit "C"	First Principal Apportionment

Attached is additional background information for both the general apportionment and the categorical programs, along with program contact information.

## General Apportionment

**NOTE: The February P1 Apportionment allocation is based on the 2011-12 Budget Act (Chapter 33, Statutes of 2011), which was enacted on June 30, 2011, and as amended by Chapter 41, Statutes of 2011, as noted below.**

### General Issues:

Total and monthly certified program apportionment allocations are included within Exhibit A. State general apportionment and other general supplemental funds are summarized by county on Exhibit B-1. State categorical allowances are displayed on Exhibits B-2A through B-3. Exhibit B-4 provides the payment schedule by county for February 2012 through May 2012.

The 2011-12 First Principal Apportionment (P1) allocations for February through May 2012 are based on each district's certified January 15<sup>th</sup> P1 Full Time Equivalent Student (FTES) along with each county's November 15<sup>th</sup> estimate of current year district property tax and each district's January 15<sup>th</sup> estimate of enrollment fee revenue for the current year.

### Workload Reductions, Midyear Cuts, and the General Apportionment Deficit:

On December 13, 2011, the Governor authorized an additional \$102 million (i.e. "trigger cuts") reduction in state funds pursuant to the Chapter 41, Statutes of 2011. Implementation of these tier one and tier two cuts totaling a \$102 million reduction is accomplished through a \$72 million workload reduction and a \$30 million increase in the general apportionment deficit. February 2012 is the first month of the revised reductions. The impact of the midyear reductions on top of the initial \$313 reduction applied in July 2011 has resulted in an overall workload reduction of \$385 million for the system along with a system-wide general apportionment deficit of \$179 million. Comparing the current year budget appropriation, midyear cuts, and estimated property taxes and enrollment fees to district general apportionment entitlements yields estimated revenue shortfalls for the February P1 as follows:

Tier 1 midyear cut	\$30 million
Enrollment Fee Shortfall	\$107 million
Property Tax Shortfall	<u>\$41 million</u>
Total Shortfall	\$178 million

The remaining shortage is attributable to the system's structural deficit.

### General Apportionment Deferrals:

Total inter-year deferrals of \$961 million for 2011-12 represent an increase of \$129 million over the inter-year deferrals for 2010-11. These deferrals began in January 2012 and continue through June 2012. In addition, \$200 million was deferred in 2011 from July to October and \$100 million was deferred in 2012 from March to May. In an effort to better manage the final deferral for 2011-12 of \$221.5 million, \$20 million of the June deferral was moved one month earlier into May 2012 to allow more flexibility in dealing with any potential changes in general apportionment entitlements in June caused by changes in Second Principal Apportionment (P2) FTES. The monthly impact of these combined deferrals is shown below:

July 2011	(\$200,000,000)
October	\$200,000,000
January 2012	(\$158,000,000)
February	(\$158,000,000)
March	(\$219,500,000)
April	(\$179,500,000)
May	(\$44,500,000)
June	<u>(\$201,500,000)</u>
Total Deferrals	(\$961,000,000)

**First Principal Apportionment Allocations and FTES:**

The total ACTUAL statewide FTES for the first period of 2011-12 declined by 81,000 FTES from one year ago, going from 1,228,000 in 2010-11 to 1,147,000 FTES in the current year, for a year-to-year decrease of 7.06 percent. FUNDED statewide FTES at the P1 was 1,101,091, which left over 46,000 unfunded FTES in the system. Given the state's ongoing revenue shortfalls, the system's general fund appropriation was reduced by \$400 million in the 2011 Budget Act compared to the 2010 Budget Act, which was intended to be partially offset by an estimated \$110 million increase in enrollment fee revenues. Mid-year reductions to the 2011 Budget Act resulted in an additional \$102 million reduction. To mitigate some of the impact of these large reductions, the Chancellor's Office reduced the system's FTES workload by 86,170 FTES, resulting in a \$385 million reduction in system funding eligibility. This adjustment resulted in a 7.64% reduction in total base FTES funded workload. These workload adjustments are shown in the new workload measures area of each district's Exhibit C (section I.C).

Restoration of prior year declines was minimal and resulted in an increase in total FTES of approximately 990 FTES or 0.09%. Additional system restoration eligibility subsequent to the P1 is approximately \$3 million.

**Revenues:**

The general deficit coefficient is 0.967 percent as of the P1. Revenues from the state general fund, property taxes and student fees are insufficient to meet the funded workload levels assumed in the 2011-12 budget. Student fee revenues for the P1 were projected at the budget estimate of \$456.5 million while estimated student fee revenue at the P1 was \$350.3 million. The counties have estimated P1 property taxes for community colleges to be below initial budget estimates by approximately \$40.5 million, resulting in a shortfall in local revenues.

## Categorical Apportionment

The July 2009 Budget Act, ABX4 1, made substantial cuts to most of the CCC categorical programs. It exempted two programs from cuts (Financial Aid and Foster Care), fully eliminated one program (Physical Plant/Instructional Equipment), and made a range of cuts from 32% to 51% to the other categorical programs. Eleven categorical programs fall under flexibility provisions embodied in the Education Trailer Bill, ABX4 2, which provides districts with the authority to move funds from these 11 categorical programs to any other categorical program. In addition, the funding for these 11 categorical programs (Academic Senate, Childcare Tax Bailout, Equal Employment Opportunity, Economic Development, Apprenticeship, Part-Time Faculty Office Hours, Part-Time Faculty Health Benefits, Part-Time Faculty Compensation, Transfer Education and Articulation, Matriculation, and Physical Plant and Instructional Support) is locked-in at the 2008-09 district allocation level, less the level of the 2009-10 cut. Below are narrative descriptions for some of the categorical programs funded through the P1 Apportionment.

**Apprenticeship Allowance:** The FY 2011-2012 P1 funding apportionment for “Related and Supplemental Instruction” allocated the entire budget of \$7,174,000. Each district’s funding level is the same as during 2010-11 and will remain so through June 2015 unless the Governor approves changes in funding level. If a district has no program(s) operating during this fiscal year, the district still receives the funding and must submit the CCFS-321 “Apprenticeship Attendance Report” at P1, P2, and P3. If no hours were generated, then the district is to enter zero for each period. NOTE: The Governor’s preliminary FY 2012-2013 budget released in January consolidates categorical funds, which includes the apprenticeship funding. However, it should be noted that this is only a proposal at this time. Barry Noonan [bnoonan@ccco.edu](mailto:bnoonan@ccco.edu).

**Disabled Student Programs and Services (DSPS):** The First Principal Apportionment reflects the final allocations of \$69.2 million for college DSPS programs based on the established allocation formula. This includes \$7.7 million for hearing impaired expenses, which require a 1:4 (district: state) dollar match. This also includes an additional \$1.0 million for state developmental center programs at two colleges. Finally, there is an additional \$3.5 million for DSPS grant /contract programs at four districts. The full allocation for DSPS is posted on the state Chancellor’s Office website, Student Services Division, DSPS at this URL: <http://www.ccco.edu/SystemOffice/Divisions/StudentServices/DSPS/tabid/616/Default.aspx>

**Equal Employment Opportunity (EEO) Faculty Diversity:** The 2011-12 First Principal Apportionment allocates \$575,250 of the \$767,000 which is the same amount as last year’s 2010-11 final budget figure. The 2011-12 First Principal apportionment amount reflects the same relative proportion or across the board reduction of 56.09% from the 2008-09 allocation as specified by the Budget Act. The balance of \$191,750 is authorized to be withheld by the Board of Governors pursuant to Education Code section 87108(b) for technical assistance, service, monitoring, and compliance functions.

**Extended Opportunity Programs and Services (EOPS):** The First Principal Apportionment (P1) report allocates \$65.180 million to operate 113 college EOPS programs. This amount includes \$1 million in a one-time special EOPS textbook augmentation to assist EOPS students with much needed textbook assistance in 2011-12. In accordance with Assembly Bill 318, Statutes of 2006 (Dymally), El Camino College Compton Center is awarded categorical funds to operate a full-service EOPS program, independent and separate from El Camino College, each fiscal year.

**Cooperative Agencies Resources for Education (CARE):** The FY 2011-2012 First Principal Apportionment (P1) report allocates funding to operate 113 campus CARE programs throughout the system. In accordance with Assembly Bill 318, Statutes of 2006 (Dymally), El Camino College Compton Center is awarded categorical funds to operate a full-service CARE program, independent and separate from El Camino College, each fiscal year. The CARE P1 report also reflects a one-time adjustment in the current year funding for El Camino College Compton Center, Porterville College, and City College of San Francisco. As reported in the CARE P1 report, the adjusted program allocations by college are posted on the California Community Colleges Student Services Division/CARE webpage at <http://www.cccco.edu/ChancellorsOffice/Divisions/StudentServicesandSpecialPrograms/CARE/tabid/589/Default.aspx>

**Part-Time Faculty Compensation:** Funding for this program falls under the “flexibility” provisions embodied in ABX4 2. The P1 allocations remain unchanged from the allocations made at the 2011-12 Advance Apportionment. Therefore, we are providing districts that received allocations under these programs in 2008-09, with the same allocation amounts, less the amount of the 2009-10 cuts to these two programs, which equaled 51 percent. These P1 allocations will not change at the P2 or the final Recalculation, unless a mid-year correction is made to these programs through the budget process.

**Part-Time Faculty Office Hours and Health Benefits:** Funding for these two programs falls under the “flexibility” provisions embodied in ABX4 2. Therefore, we are providing districts that received allocations under these programs in 2008-09, with the same allocation amounts, less the amount of the 2009-10 cuts to these two programs, which equaled 51 percent. These P1 allocations will not change at the P2 or the final Recalculation, unless a mid-year correction is made to these programs through the budget process.

All questions regarding the general apportionment for the P1 may be addressed to Ed Monroe at (916) 327-6226, email at [emonroe@cccco.edu](mailto:emonroe@cccco.edu) and all questions regarding the categorical apportionments for P1 may be addressed to Randy Fong at 916-327-6238, email at [rfong@cccco.edu](mailto:rfong@cccco.edu).

**Any additional questions regarding categorical apportionments should be referred to the following individuals:**

Apprenticeship – Barry Noonan (916) 445-8026

Basic Skills – Mark Wade Lieu (916) 327-2987

California Work Opportunities and Responsibility to Kids (CalWORKs) and Temporary Assistance for Needy Families (TANF) – Jason Orta (916) 327-5890

Career Technical Education – Jackie Escajeda (916) 327-2066

Disabled Students Program and Services (DSPS) and State Hospital Developmental Centers - Scott Berenson (916) 322-3234 or Scott Valverde (916) 445-5809

Economic Development – David Lawrence (916) 327-0749

Equal Employment Opportunity (EEO) - Tosh Shikasho (916) 323-4990

Extended Opportunity Programs and Services - Cheryl Fong (916) 323-5954

Cooperative Agencies Resources for Education (CARE) - Cheryl Fong (916) 323-5954

Instructional Equipment & Library Materials - Lan Yuan (916) 323-5957

Scheduled Maintenance and Repair - Lan Yuan (916) 323-5957

Credit / Non Credit Matriculation – Kimberly McDaniel (916) 323-0799

Student Financial Aid Administration – Terence Gardner (916) 327-5892

Telecommunications Allocations – Bonnie Edwards (916) 327-5899

Vocational & Applied Technology & Education Act (VATEA) - Robin Harrington (916) 322-6810