



THE STATE APPORTIONMENT "DECODER" AND OTHER HANDY CBO TOOLS

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PRESENTED ON 5-23-2016

AGENDA

Building Blocks for Exhibit C

Apportionment Simulation

Decline

Stability

Restoration

Statewide Implications

Growth

Deficit Factor

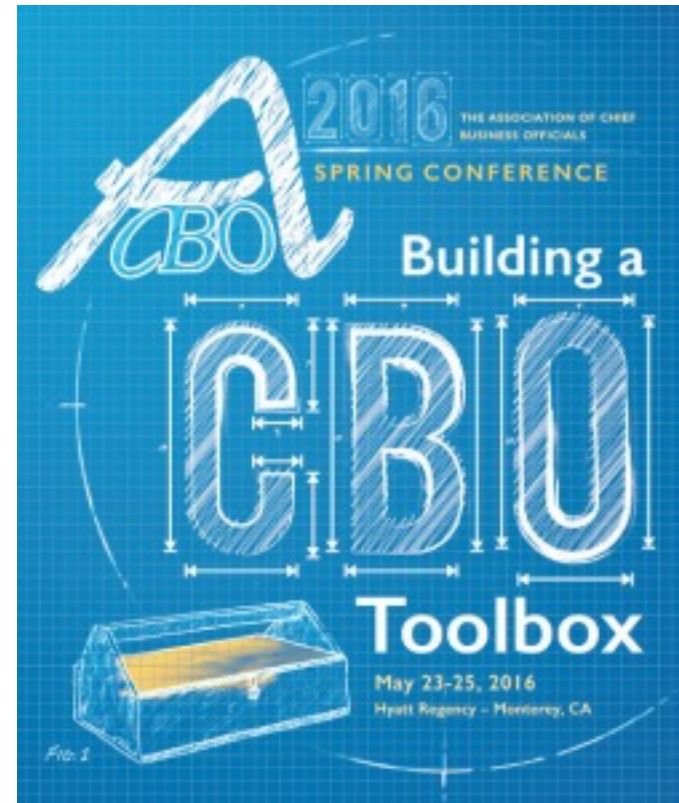


EXHIBIT C BUILDING BLOCKS

- Base & marginal rates per FTES
 - Grandfathered districts
- Last year's funded FTES
- This year's funded FTES
- Property taxes
- Enrollment fees
- COLA
- Growth rates
- Deficit factor
- Number of colleges and centers
- Other items such as restoration, FT Faculty, base allocation, & Prop. 30

APPORTIONMENT SIMULATION WORKSHEET

- This worksheet was developed by Ed Monroe at the Chancellor's Office. It has been updated for P-1 2015/16 by Kathy Blackwood. Much of the information must be keyed in by the user. This worksheet is a simulation and is guaranteed to **NOT** be exactly what your district will receive in funding. Hopefully you will find it useful in reviewing the Exhibit Cs and projecting your district's revenue.
- The referenced interactive excel document that is prepopulated for use by all 72 districts can be found at www.acbo.org under the Spring 2016 Conference section.

DECLINE/STABILITY/RESTORATION

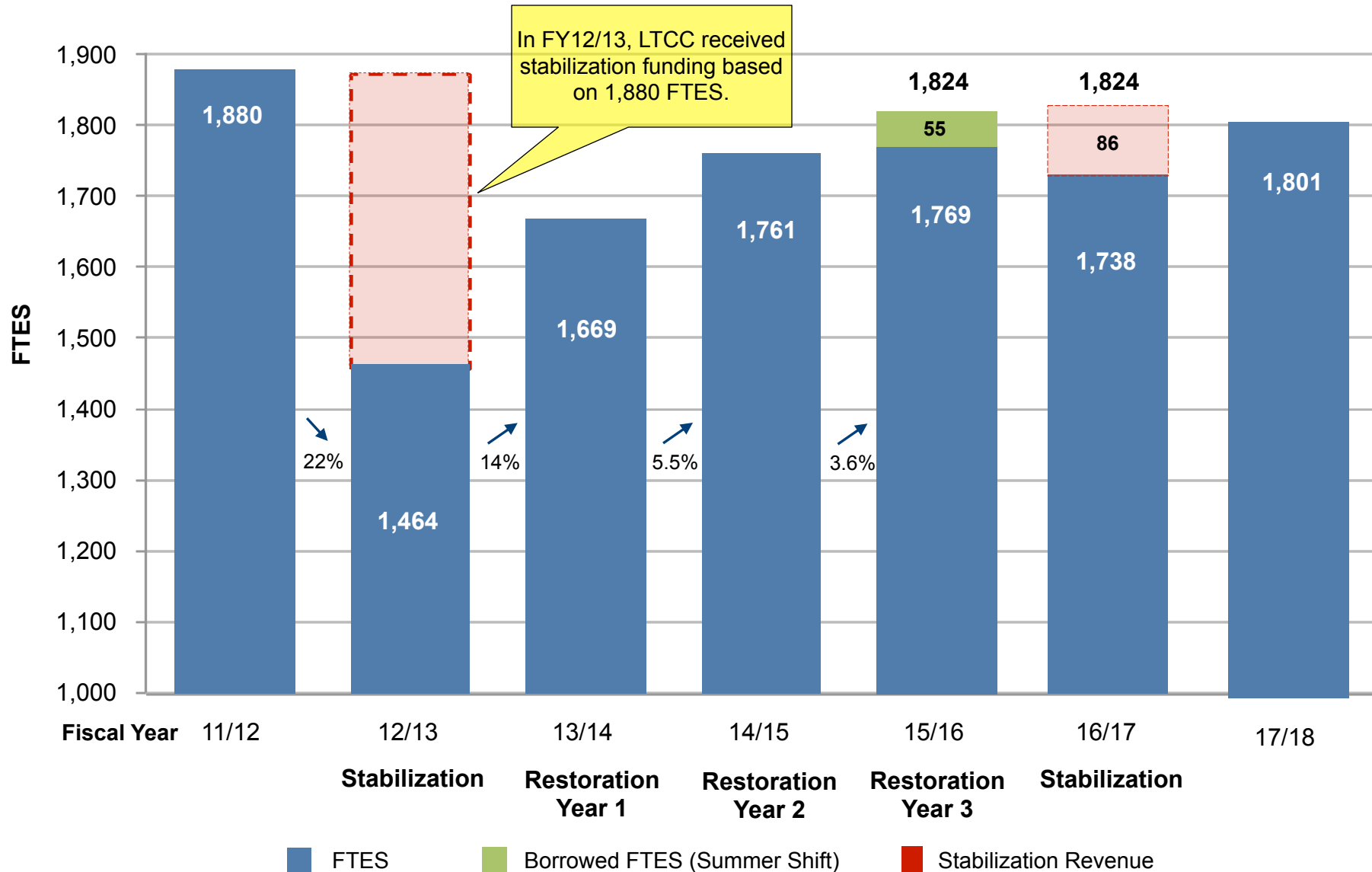
- Decline is when a college has fewer FTES than the previous year
- Can get complicated when the FTES are switching between non credit and CDCP
- A college gets stability the first year of decline
 - Funded at the same FTES as the previous year

DECLINE/STABILITY/RESTORATION

- Restoration brings the college back to previous years' FTES level
- Three years to restore the FTES
- There may be 3 years of decline simultaneously
- The oldest decline is restored first
- The dollar value is restored; the mix of the FTES may change

STABILIZATION AND RESTORATION

(SCENARIO 1: LAKE TAHOE COMMUNITY COLLEGE EXAMPLE)



TITLE 5 § 58776. BUDGET STABILITY.

Districts shall receive stability funding only in the initial year of decline in FTES in an amount equaling the revenue loss associated with the FTES reduction for that year.

Declines in college FTES that result in a reduction of calculated basic allocation will not cause a reduction in basic allocation base revenue until the third year after the year of the FTES decline, and the basic allocation will not be reduced if the FTES is restored back to or above the pre-decline base.

FY2015-16 BASE FUNDING RATES

Level 1 – 9,940 FTES or less

\$3,402,370 single & multiple college districts

Level 2 – 9,940.01 to 19,880 FTES

\$4,536,493 single college

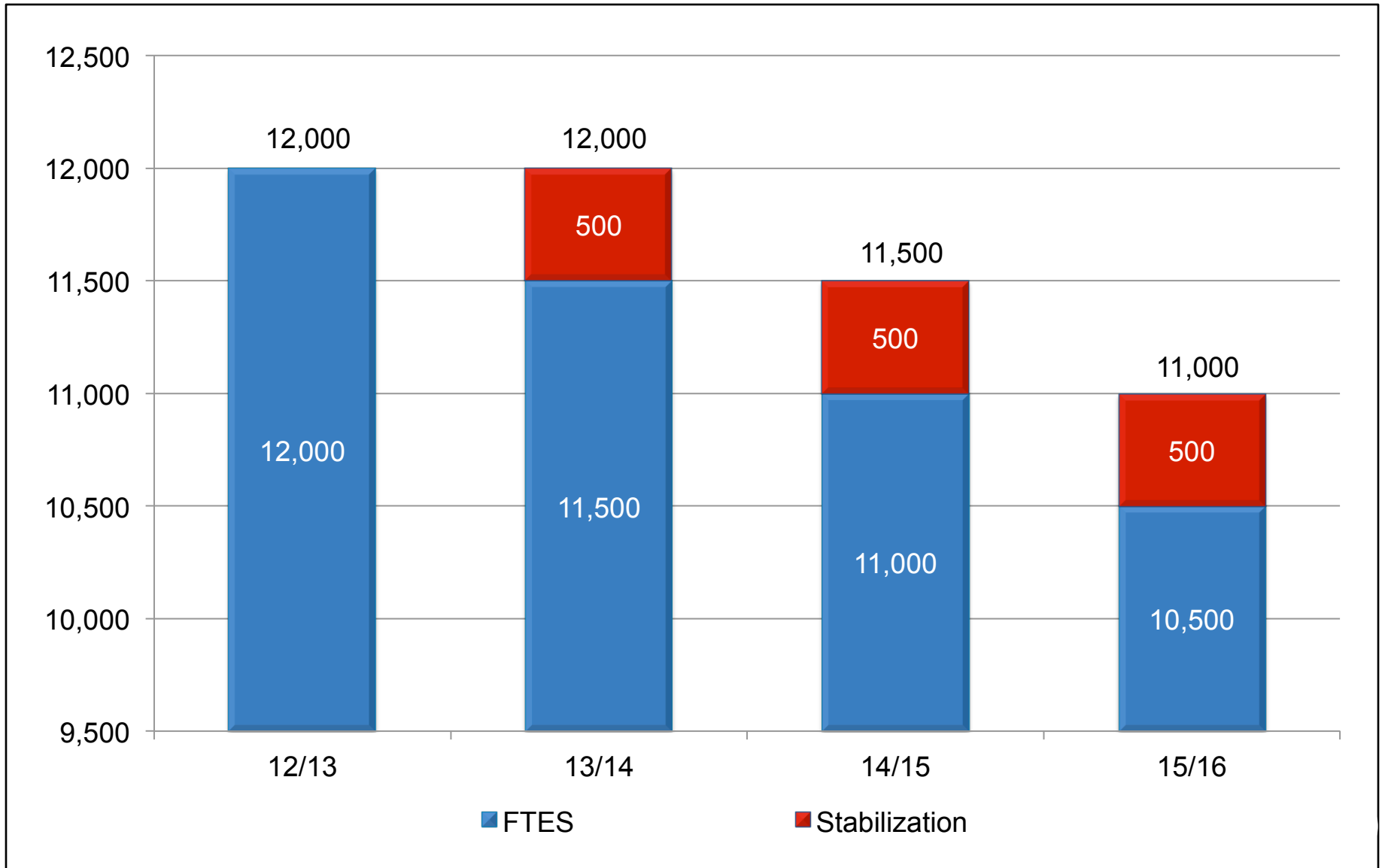
\$3,969,432 multiple colleges

Level 3 – 19,880.01 FTES or more

\$5,670,617 single college

\$4,536,493 multiple colleges

SCENARIO 2: THREE YEARS OF SUBSEQUENT DECLINE STABILIZATION REVENUE FUNDING



RESTORATION

- Restoration takes place by increasing FTES but your total available restoration level is based on the previous total computational revenue amount.
- The makeup of non-credit, credit, and CDCP can change and the district can still restore to an FTES level that is equivalent to the previous revenue level. For instance you can have fewer credit and more non-credit than the district's original FTES amounts pre-stabilization

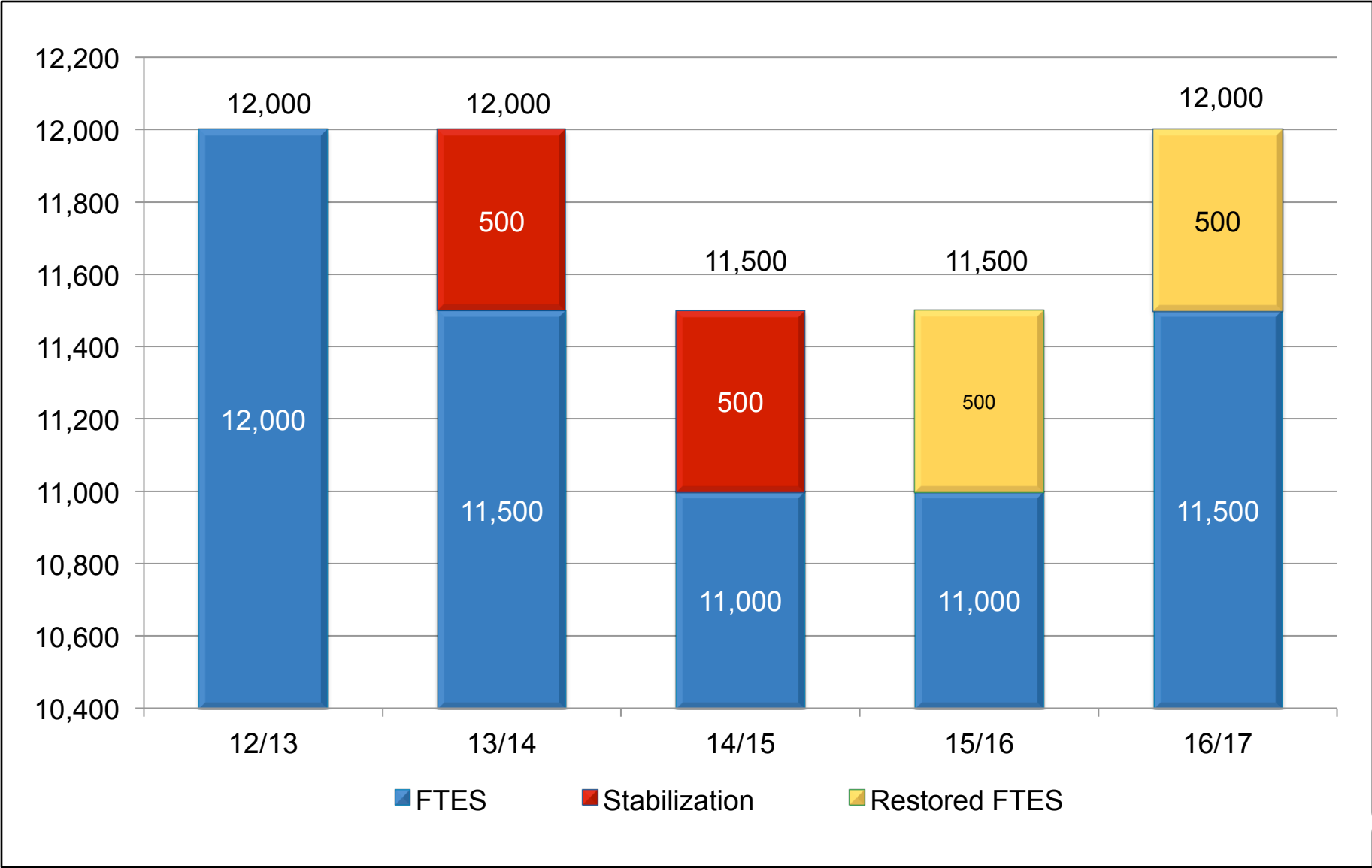
TITLE 5 § 58777. DECLINE RESTORATION.

(a) Districts shall be entitled to restore any reductions in apportionment revenue due to declines in FTES during the three years following the initial year of decline in credit, noncredit, or career development and college preparation FTES if there is a subsequent increase in FTES.

(b) Restoration of revenue for declining workload and the inflation adjustments made between the year of decline and the year of restoration shall be made at the district's current marginal growth funding rate.

SCENARIO 3: STABILIZATION FOLLOWED BY RESTORATION

FIRST APPORTIONMENT REVENUE LOST IS FIRST APPORTIONMENT REVENUE RESTORED



Stabilization Revenue as Shown on Exhibit E

**CALIFORNIA COMMUNITY COLLEGES
2014-15 RECALCULATION APPORTIONMENT
BUTTE COMMUNITY COLLEGE DISTRICT**

Workload measures:	Base Funding	Marginal Funding	Base FTES	Workload Restoration FTES	Growth FTES	Restored FTES	Stability FTES	Funded FTES	Unfunded FTES	Actual FTES
Credit FTES	4,636.492866	4,675.900000	10,107.220	0.000	0.000	0.000	-605.970	9,501.250	0.000	9,501.250
Noncredit FTES	2,788.053637	2,811.752093	1,012.380	0.000	0.000	0.000	58.160	1,070.540	0.000	1,070.540
Noncredit - CDCP FTES	3,282.811061	3,310.714955	23.350	0.000	0.000	0.000	1.050	24.400	0.000	24.400
Total FTES:			11,142.950	0.000	0.000	0.000	-546.760	10,596.190	0.000	10,596.190

Workload Measures:	Base Funding	Marginal Funding	Base FTES
Credit FTES	4,636.492866	4,675.900000	10,107.220
Noncredit FTES	2,788.053637	2,811.752093	1,012.380
Noncredit – CDCP FTES	3,282.811061	3,310.714955	23.350
Total FTES:			11,142.950

I Base Revenues +/- Restore or Decline		V Other Revenue Adjustments	
A Basic Allocation	\$5,622,823	A Revenue Adjustment	\$0
B Workload Reduction	\$40,761,277	B Funding of Unfunded FTES	\$0
C Other	\$0.00	Total Revenue Adjustments	\$0
D Other	\$46,852,053	VI Stability Adjustment	\$2,666,449
E Other	\$2,822,570	VII Total Computational Revenue (sum of I, II, III, IV, V, & VI)	\$55,854,865
F Other	\$76,654	VIII District Revenue Source	
G Other	\$-2,643,500	A1 Property Taxes	\$12,300,628
H Other	\$0	A2 Less Property Taxes Excess	\$0
I Other	\$0	B Student Enrollment Fees	\$3,267,114
J Other	\$0	C State General Apportionment	\$30,124,878
K Other	\$0	D Estimated EPA	\$0,153,245
L Other	\$0	Available Revenue	\$45,854,865
M Other	\$0	E Revenue Shortfall	\$0
N Other	\$0	Total Revenue Plus Shortfall	\$45,854,865
O Other	\$0	IX Other Allowances and T	

Workload Measures:	Base Funding	Marginal Funding	Base FTES
Credit FTES	4,636.492866	4,675.900000	10,107.220
Noncredit FTES	2,788.053637	2,811.752093	1,012.380
Noncredit – CDCP FTES	3,282.811061	3,310.714955	23.350
Total FTES:			11,142.950

Stability Adjustment	\$2,666,449
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Single College District Funding Rates: Total FTES

> 19,288	> 9,644	<= 9,644
\$5,622,823	\$4,498,258	\$3,373,694

Restored FTES	Stability FTES	Total Funded FTES	Unfunded FTES	Actual FTES
0.000	-605.970	9,501.250	0.000	9,501.250
0.000	58.160	1,070.540	0.000	1,070.540
0.000	1.050	24.400	0.000	24.400
0.000	-546.760	10,596.190	0.000	10,596.190

IV Growth				
A Un-Appointed				
B Commission				
C Compensation				
D Other				
Total				

1	2	3	4	5	6	7	8	9	10
\$1,134,866	\$1,134,866	\$1,134,866	\$1,134,866	\$1,134,866	\$1,134,866	\$1,134,866	\$1,134,866	\$1,134,866	\$1,134,866
Grandfathered or Previously Approved Center: Funding Rates @ FTES Levels									
> 964	> 723	> 482	> 241	<= 180	Total				
\$1,134,866	\$843,423	\$562,282	\$281,141	\$140,571	\$1,134,866				
Number of Grandfathered or Previously Approved Centers: @ Total FTES									
0	0	0	0	0	0				
Grandfathered or Previously Approved Center Revenue:									
\$0	\$0	\$0	\$0	\$0	\$0				
					Total Grandfathered or Approved Center				
							Total Basic Allocation Revenue		
							\$5,622,823		

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**CALIFORNIA COMMUNITY COLLEGES
2014-15 RECALCULATION APPORTIONMENT
SAN LUIS OBISPO COMMUNITY COLLEGE DISTRICT**

APRIL
EXHIBIT E

Summed FTES	Actual FTES
0.000	8,833.010
0.000	77.650
0.000	165.600
0.000	7,076.260

Total FTES:	8,379.930	0.000	0.000	0.000	-1,303.670	7,076.260	0.000	7,076.260
Base Revenues +/- Restore or Decline								
A Basic Allocation						\$4,498,258		\$0
B Basic FTES Revenue Before Workload Reduction	\$38,530,510							\$0
C Workload Reduction	\$0.00							\$0
D Restored Base FTES Revenue						\$38,530,510		\$0
E Revenue	\$37,862,342							\$6,140,941
F Revenue	\$186,337							
G Revenue	\$478,831							
H Revenue								
I Revenue								
J Revenue								
K Revenue								
L Revenue								
M Revenue								
N Revenue								
O Revenue								
P Revenue								
Q Revenue								
R Revenue								
S Revenue								
T Revenue								
U Revenue								
V Other Revenues Adjustments								
A Revenue Adjustment								
B Funding of Unfunded FTES								
Total Revenue Adjustments								
VI Stability Adjustment								\$6,140,941
VII Total Computational Revenue (sum of I, II, III, IV, V, & VI)								\$43,394,513
VIII District Revenue Source								
A1 Property Taxes								\$30,768,580
A2 Less Property Taxes Exp								\$0
B Student Enrollment Fee								\$3,913,148

Workload Measures:	Base Funding	Marginal Funding	Base FTES
Credit FTES	4,636.492795	4,675.900000	8,166.160
Noncredit FTES	2,788.053637	2,811.752093	67.910
Noncredit – CDCP FTES	3,282.811061	3,310.714955	145.860
Total FTES:			8,379.930

Restored FTES	Stability FTES	Total Funded FTES	Unfunded FTES	Actual FTES
0.000	-1,333.150	6,833.010	0.000	6,833.010
0.000	9.740	77.650	0.000	77.650
0.000	19.740	165.600	0.000	165.600
0.000	-1,303.670	7,076.260	0.000	7,076.260

Stability Adjustment	\$6,140,941
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Regular Growth Caps adjusted by a factor of 0.0000000 to match funding.

Basic Allocation Calculation Before Current Year College/Center Base Funding Rates (Current Year FTES):

Single College District Funding Rate: Total FTES	Multi-College District Funding Rate: Total FTES	College/Center Base Funding Rates (Current Year FTES)
> 19,288	> 9,644	<= 9,644
\$4,622,823	\$4,498,258	\$3,373,694
FTES:	1	0
Revenue:	\$0	\$3,373,694

Multi-College District Funding Rates: Total FTES		
> 19,288	> 9,644	<= 9,644
\$4,498,258	\$3,935,976	\$3,373,694

Unrestored Decline	
1 st year	\$ 0
2 nd year	\$ 1,233,659
3 rd year	\$ 0
Total:	\$ 1,233,659

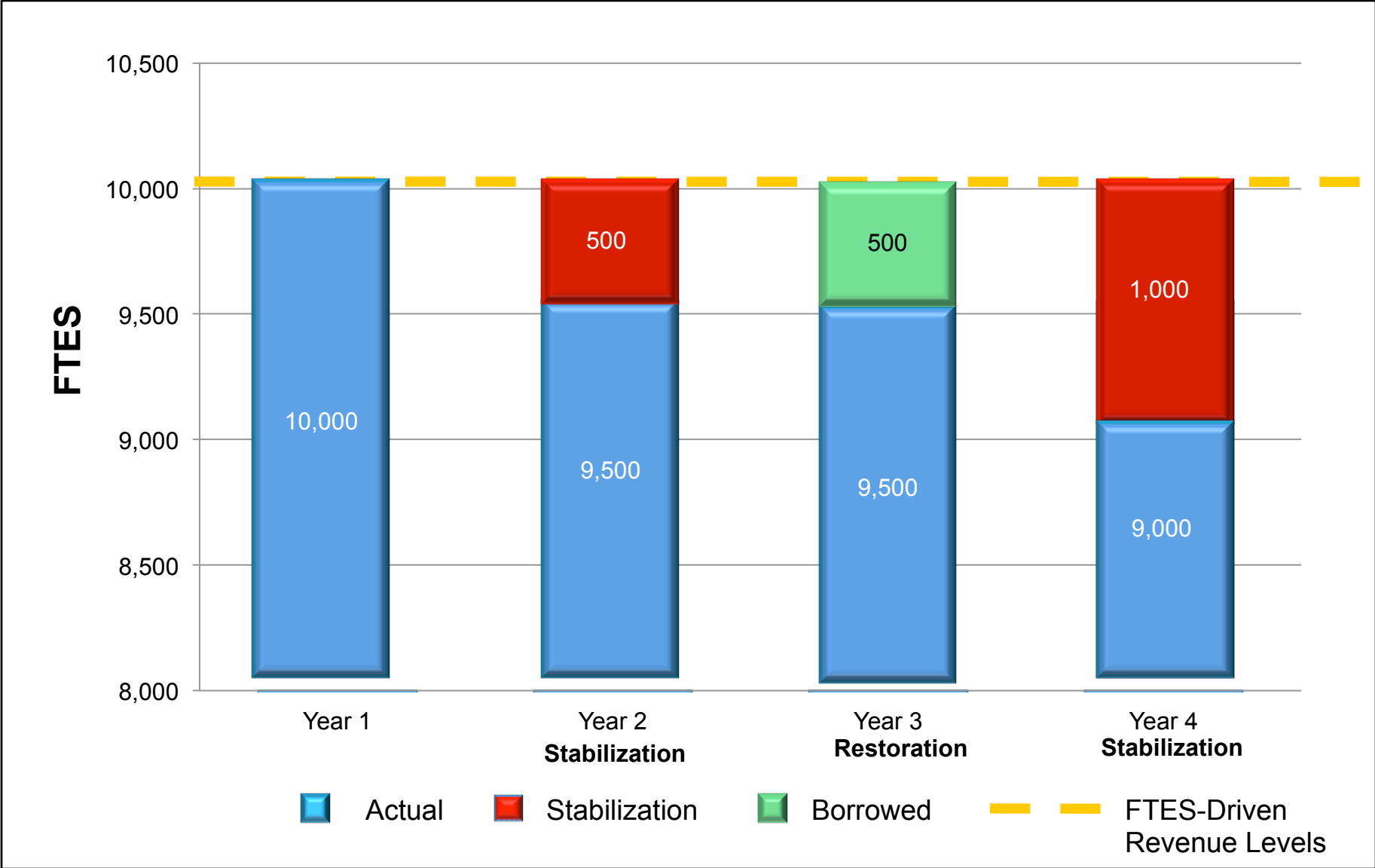
Total Basic Allocation Revenue	\$4,498,258
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Buying Time

How to Buy Multiple
Years to Restore FTES



BORROWING FTES FROM THE SUCCEEDING YEAR



2011-12 RECALCULATION APPORTIONMENT MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT

Excerpt from Recalculation Apportionment (R1) Exhibit E

	Base FTES	Stability FTES	Total Funded FTES
Credit	2,955.587	-371.077	2,584.510
Noncredit	73.740	-39.480	34.260
Noncredit-CDCP	<u>68.080</u>	<u>-16.690</u>	<u>51.390</u>
Total FTES	3,097.407	-427.247	2,670.160

Stability Adjustment: \$1,856,214

In this example funding is based on total funded FTES plus the stability adjustment

2012-13 RECALCULATION APPORTIONMENT MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT

Excerpt from Recalculation Apportionment (R1) Exhibit E

	Base FTES	Stability FTES	Total Funded FTES
Credit	2,584.510	375.931	2,965.880
Noncredit	34.260	0.000	30.760
Noncredit-CDCP	<u>51.390</u>	<u>0.000</u>	<u>46.680</u>
Total FTES	2,670.160	375.931	3,043.320

Stability Adjustment: \$0

In this example funding is based on total funded FTES

2013-14 RECALCULATION APPORTIONMENT MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT

Excerpt from Recalculation Apportionment (R1) Exhibit E

	Base FTES	Stability FTES	Total Funded FTES
Credit	2,965.880	-711.650	2,254.230
Noncredit	30.760	4.380	35.140
Noncredit-CDCP	<u>46.680</u>	<u>7.920</u>	<u>54.600</u>
Total FTES	3,043.320	-699.350	2,343.970

Stability Adjustment: \$3,261,348

In this example funding is based on total funded FTES plus the stability adjustment

2014-15 RECALCULATION APPORTIONMENT MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT

Excerpt from Recalculation Apportionment (R1) Exhibit E

	Base FTES	Stability FTES	Total Funded FTES
Credit	2,254.230	697.870	2,952.100
Noncredit	35.140	3.348	43.080
Noncredit-CDCP	<u>54.600</u>	<u>0.000</u>	<u>50.700</u>
Total FTES	2,343.970	701.218	3,045.880

Stability Adjustment: \$0

In this example funding is based on total funded FTES

FOUR-YEAR STABILITY & RESTORATION TRACKING MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT

	FY11-12	FY12-13	FY13-14	FY14-15
Base	3079.41	2670.16	3043.32	2343.97
Stability	-427.25	0.00	-699.35	0.00
Restored	0.00	375.93	0.00	701.22
Funded	2670.16	3043.32	2343.97	3045.88

Funding is based on total funded FTES, plus a stability adjustment if applicable

STRATEGIC FTES BORROWING

If there are new registration regulations or other uncertainty in the coming year

- Repeatability restrictions
- Increase in enrollment fees
- Change in BOG Fee Waiver administration

There is extra growth on the table

- 3% growth in current year, following year is less or uncertain
- Maximize growth potential

Final year of restoration and not fully restored

- Maximize your base FTES

BORROWING FTES IMPLICATIONS

- Borrowing should be done at P2 to maximize cash flow
- Borrowing can be used for growth instead of restoration, but only once if the college isn't actually growing
- Borrowing can retain the ability for the college to earn revenue that it would otherwise lose
- Using state apportionment that could otherwise go to all districts
 - *Or perhaps not, if the unused funding is “swept” and used for other priorities*
- State Chancellor's Office has the ability to reverse borrowing if it is detrimental to the system

STATEWIDE IMPLICATIONS AND TRENDS

At P-1(March revision), there were 29 districts in stability or restoring

- 16 districts on “Stability Adjustment”
 - Districts in the initial year of decline
- 13 districts on “Stability Restoration”
 - \$116.3 million earnable
 - Districts with unrestored decline

STATEWIDE IMPLICATIONS AND TRENDS

(CONTINUED)

- “Stability Adjustment” – 16 districts
 - \$105 million applied
 - This is available in 2016-17 as Stability Restoration
 - It adds to the amount leftover from 2015-16
 - As of P-1 = \$56.6 million
 - \$18 million may fall off since it’s older than 3 years

STATEWIDE IMPLICATIONS AND TRENDS

(CONTINUED)

“Stability Restoration” – 13 districts

- \$59.7 million total earned
- \$42 million provided for in the State Budget
- DOF estimates using a rolling 3-year average
- \$17.7 million will contribute to deficit factor for all districts
- **0.277% applied as deficit factor**
 - Unrestored decline amounts to \$56.6 million
 - There was \$116.3 million in restoration available at beginning of year

GROWTH

- Growth occurs after a college is fully restored or if there has been no decline
- New growth formula that places an emphasis on unmet need
- Strategies around growth
 - *Will there be growth left on the table from districts not using theirs?*
 - *How much can the district afford to be over the funded cap?*
 - *Do you leave a margin for audit adjustments?*
 - *Are you converting from non credit to CDCP?*

STATEWIDE IMPLICATIONS AND TRENDS

DEFICIT FACTORS

Deficit factor – what is it?

- The Department of Finance budgets for property taxes and enrollment fees
- If either of those don't materialize, a deficit factor is imposed on all districts

STATEWIDE IMPLICATIONS AND TRENDS DEFICIT FACTORS *(CONTINUED)*

TITLE 5 § 58779. DEFICIT MECHANISM.

In the event that State General Fund appropriations, local property tax revenues, student enrollment fees, and other local tax revenues allocated to community college districts for general operating support, are less than the amounts computed for all districts for the fiscal year pursuant to subdivision (a) of section 58770, the Chancellor shall apportion state aid by multiplying the amount computed for each district pursuant to subdivision (a) of section 58770, by the ratio of the statewide total revenue available for purposes of subdivision (a) of section 58770, to the statewide total calculated amount for purposes of subdivision (a) of section 58770.

STATEWIDE IMPLICATIONS AND TRENDS

DEFICIT FACTORS *(CONTINUED)*

Deficit factors result from shortfalls in property tax, enrollment fees, or other revenues at the state level that impact Proposition 98 funding. The final deficit factor for the district will be included in the recalculation apportionment (R1) that is typically released in February in the calendar year following the end of the previous fiscal year (or 19 months *after* the start of the previous fiscal year). The deficit factors shown on the next few slides are taken from the latest version by period off the California Community College Chancellor's Office website.

STATEWIDE IMPLICATIONS AND TRENDS

DEFICIT FACTORS *(CONTINUED)*

Fiscal Year	Period	Deficit Factor
1999-00	R-1	1.00
2000-01	R-1	1.00
2001-02	R-1	0.99920202
2002-03	R-1	0.99408502
2003-04	R-1	0.98942142
2004-05	R-1	1.00
2005-06	R-1	1.00

Fiscal Year	Period	Deficit Factor
2006-07	R-1	1.00
2007-08	P-1 Feb.	1.00
	P-1 Mar.	0.984638063
	P-2	0.983213864
	R-1 Feb.	0.996719461
	R-1 Mar.	0.996322956
	R-1 Apr.	0.996322956
	R-1 Jun.	0.996734167

Fiscal Year	Period	Deficit Factor
2008-09	P-1 Feb.	0.987623646
	P-1 Mar.	0.986992164
	P-2	0.985154245
	R-1	0.988101211
2009-10	P-1	1.00
	P-2	0.998867619
	R-1	1.00

STATEWIDE IMPLICATIONS AND TRENDS

DEFICIT FACTORS *(CONTINUED)*

Fiscal Year	Period	Deficit Factor
2010-11	P-1 Feb.	0.992140259
	P-1 Mar.	0.991807767
	P-2	0.994910516
	R-1	0.996982628
2011-12	P-1 Feb.	0.965807557
	P-1 May	0.965807557
	P-2	0.976505589
	R-1	0.980617200

Fiscal Year	Period	Deficit Factor
2012-13	P-1 Feb.	0.935103256
	P-1 Mar.	0.937272651
	P-1 May	0.937057495
	P-2 Jun.	0.952237894
	P-2 Aug.	0.962797338
	R-1 Feb.	0.997315918
	R-1 Feb.	0.997755995
	R-1 Jun.	0.998068763
	R-1 Nov.	0.998298670

Fiscal Year	Period	Deficit Factor
2013-14	P-1 Feb.	0.956395192
	P-1 Mar.	0.956395192
	P-2 Jun.	0.982818387
	P-2 Nov.	0.989039373
	P-2 Dec.	0.988931985
	R-1 Feb.	0.993487746
	R-1 Apr.	0.995462319
	R-1 Jun.	0.995462319

STATEWIDE IMPLICATIONS AND TRENDS

DEFICIT FACTORS *(CONTINUED)*

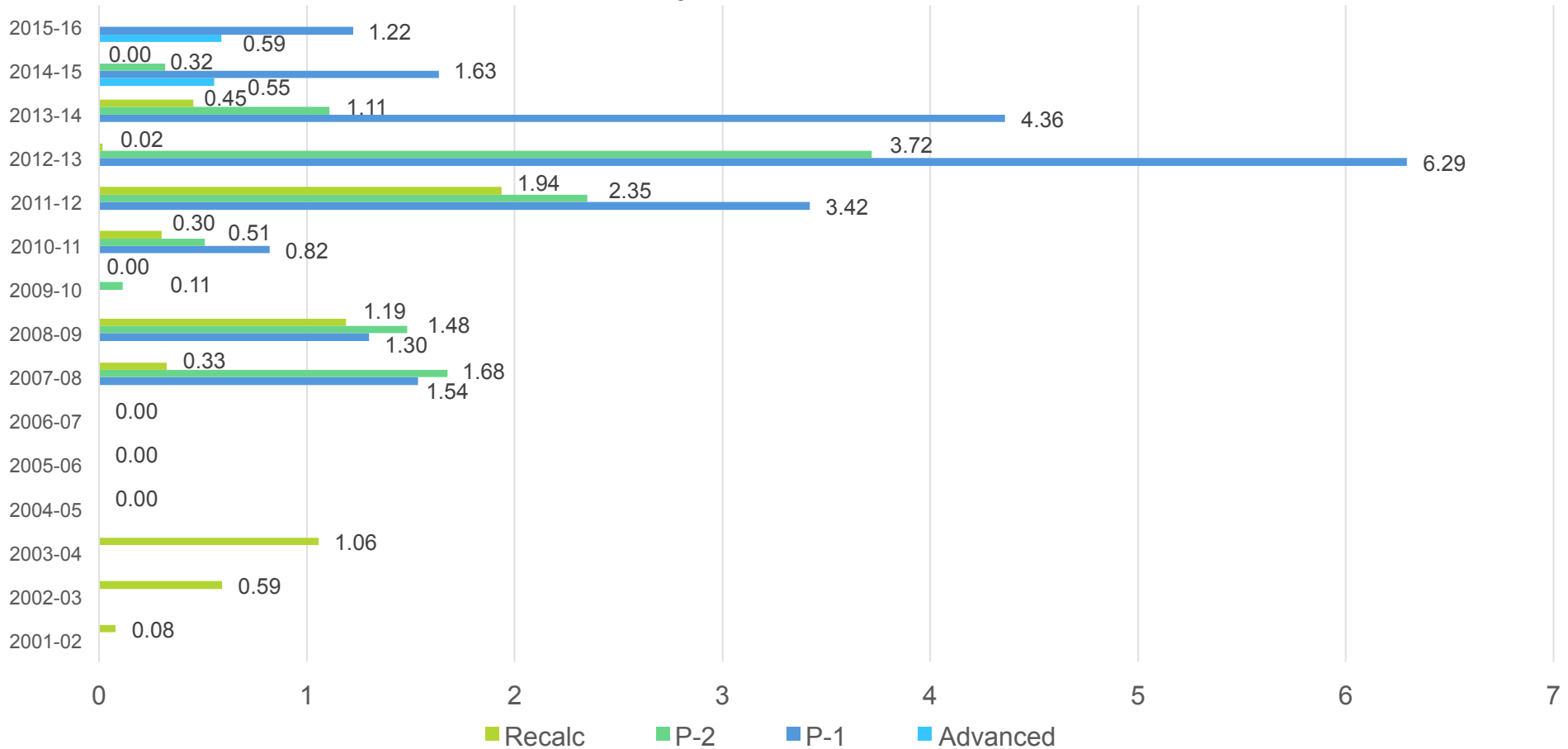
Fiscal Year	Period	Deficit Factor
2014-15	Adv. Aug.	0.994453719
	Adv. Nov.	0.994453719
	Adv. Dec.	0.994453719
	P-1 Feb.	0.985185414
	P-1 Apr.	0.983657246
	P-2	0.996820955
	R-1 Feb.	1
	R-1 Mar.	1
	R-1 Apr.	1

Fiscal Year	Period	Deficit Factor
2015-16	Adv. Jul.	0.997420157
	P-1 Feb.	0.987179309
	P-1 Mar.	0.987226491
	P-1 Apr.	0.987783560

STATEWIDE IMPLICATIONS AND TRENDS

DEFICIT FACTORS (CONTINUED)

History of Deficit Factors

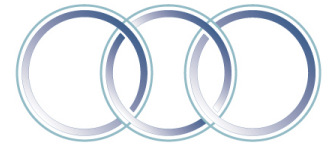


Beginning in FY14-15 Districts began the fiscal year (Advance Apportionment) with a deficit factor

QUESTIONS? & THANK YOU!

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SAN MATEO COUNTY
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