



TO: Chief Executive Officers
Chief Business Officers

FROM: Fiscal Services Unit
Office of Institutional Supports & Success
College Finance and Facilities Planning Division

RE: 2022-23 Second Principal and 2021-22 Recalculation Apportionment June 2023 Revision

This memo describes the 2022-23 Second Principal (P2) and 2021-22 Recalculation (R1) June 2023 Revision 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](#).

SCFF General Background

The SCFF consists of three principal components – the base allocation, supplemental allocation, and student success allocation with the following parameters:

- The base allocation relies primarily on college and center size based on prior year data and current year Full Time Equivalent Student (FTES) enrollment.
- The supplemental allocation is based on prior year data.
- The student success allocation is based on an average of three prior years of data.

Generally, the Chancellor's Office certifies apportionments three times per year with the Advance Apportionment (AD) released in July, First Principal (P1) and Recalculation (R1) in February, and Second Principal (P2) in June. Additional certification revisions are completed as necessary.

SCFF 2022-23 P2

At 2022-23 P2, SCFF calculations reflect district reported FTES estimates (which includes an optional title 5 COVID-19 emergency conditions allowance), supplemental and student success metric data reported as of March 10, 2023, county reported property tax, district reported enrollment fees, updated 2022-23 Education Protection Account (EPA) resources, and currently available general fund.

Notably, there was a significant decline in anticipated EPA funding at 2022-23 P2, resulting in a point-in-time revenue deficit that will be resolved once additional general fund revenues are

appropriated and available for expenditure in the 2023 Budget Act and/or associated legislation. This is discussed in greater detail in the Education Protection Account (EPA) section below.

Growth has been applied to districts that are opted-out of COVID-19 emergency conditions allowance and have reported an increase in FTES year over year. Growth will be reassessed at 2022-23 R1 when final FTES are reported.

Prior year FTES data (or COVID-19 emergency conditions allowance FTES for districts that are opted-in) is used to determine the current year basic allocation. If a district’s reported FTES calculates below the prior year college or center funding size, the prior three years of FTES data are used to determine stability in the basic allocation. If a district was opted-in to COVID-19 emergency conditions allowance in the prior three years, emergency conditions allowance FTES data is used to determine stability funding size.

The supplemental and student success allocations at 2022-23 P2 reflect metric data updates provided through the data validation cutoff of March 10, 2023. Aside from any pending audit adjustments, this is the final data set used for calculating the 2022-23 supplemental and student success allocations.

The 2022-23 P2 Total Computational Revenue (Max TCR) consists of the highest of the following three TCR calculations for each district: (A) TCR calculated by formula in 2022-23, (B) TCR stability protection (2021-22 calculated TCR plus COLA), or (C) Hold Harmless (2017-18 TCR plus yearly COLAs). At 2022-23 P2, the statewide SCFF Max TCR is \$8.73 billion. SCFF rates at 2022-23 P2 remain unchanged from 2022-23 AD.

SCFF Component	2022-23 P2 Amount (Statewide) (In Millions)
FTES Allocation	\$5,466
Basic Allocation	\$921
Supplemental Allocation	\$1,295
Student Success Allocation	\$966
SCFF Calculated Revenue (TCR A)	\$8,648
TCR Stability (TCR B)	\$8,012
Hold Harmless Revenue (TCR C)	\$8,036
2022-23 TCR (Max of A, B, or C)	\$8,728
Stability Protection Adjustment	\$0

SCFF Component	2022-23 P2 Amount (Statewide) (In Millions)
Hold Harmless Protection Adjustment	\$80
Property Tax & ERAF	\$4,225
Less Property Tax Excess	(\$460)
Student Enrollment Fees	\$404
Education Protection Account (EPA)	\$503
State General Fund Allocation	\$3,192
Deficit Factor	10.83%

2022-23 P2 TCR Status	Number of Districts
SCFF Calculated Revenue (TCR A)	60
TCR Stability (TCR B)	0
Hold Harmless Revenue (TCR C)	12

Education Protection Account (EPA)

The Fiscal Year (FY) 2022-23 EPA funding allocation was updated by the Department of Finance in June 2023 from \$1.56 billion to \$503 million, a decrease of \$1.057 billion. The California Community Colleges do not have a continuous appropriation (automatic backfill) for decreases in EPA and local revenues in the same manner that the K-12 system does. As is the case this year, historically, and upon discretion of the Governor and Legislature, community colleges have received backfills of needed general fund revenues in the subsequent Budget Act and/or associated legislation. Once enacted, the 2023 Budget Act will provide the revenue needed to offset the June 2023 decrease in 2022-23 EPA funding. Since the Budget Act and/or associated legislation had not been enacted at the time of certification, 2022-23 P2 does not include the 2022-23 general fund revenue increases needed to offset the decrease in 2022-23 EPA funding, resulting in a temporary revenue deficit of 10.83% at 2022-23 P2.

As of the third quarter payment in March 2023, districts have received \$1.17 billion in 2022-23 EPA payments, resulting in \$667.2 million in payments above the revised June 2023 EPA funding allocation estimate. To minimize the impact of the temporary revenue deficit at 2022-23 P2, 2022-

23 EPA payments will not be processed in June 2023. The 2022-23 EPA payments will be accounted for by offsetting the first quarter and second quarter 2023-24 EPA payments in September and December 2023, respectively.

To offset the decrease in 2022-23 EPA funding, additional 2022-23 general fund revenues will be allocated to districts once funds are available at the State Controller's Office. Additional 2022-23 general fund payments will be processed through an early 2022-23 Recalculation apportionment, estimated September or October 2023.

2022-23 P2 Exhibits

- Exhibit A (District Monthly Payments by Program)
- Exhibit B4 (County Monthly Payment Schedule)
- Exhibit C (Statewide and District SCFF details)
- Educational Revenue Augmentation Fund (ERAF) Memo
- ERAF and Property Tax Distribution by County and District

SCFF 2021-22 R1 June 2023 Revision

At 2021-22 R1 June 2023 revision, adjustments were made to the FTES Growth calculation. Appropriately, FY 2021-22 EPA and State General Apportionment allocations have been adjusted for each district. The State General Apportionment Certification can be viewed in the 2021-22 R1 June 2023 Exhibit D, and both payment adjustments are listed in the 2022-23 P2 Exhibit A on the [Fiscal Services Unit Apportionment Reports website](#).

2021-22 R1 June 2023 Revision Exhibits

- Exhibit C (Statewide and District SCFF details)
- 2021-22 R1 June 2023 Exhibit D
- 2021-22 R1 June 2023 EPA Exhibit D
- 2021-22 State General Apportionment and EPA adjustments are listed on the 2022-23 P2 Exhibit A

SCFF Dashboard

Since the adoption of the SCFF, the Chancellor's Office has collaborated with system partners to develop tools and resources to support SCFF implementation. The [SCFF Dashboard](#) provides analytics and visualizations about the California Community Colleges funding formula. There are three dashboard interfaces:

- Dashboard 1: Presents an analysis and comparison of the prior funding formula (SB 361) and SCFF. This data is updated each year after Recalculation. Data last updated February 2023.
- Dashboard 2: Provides analysis and trends in the SCFF supplemental and student success counts, funding protections, and race and ethnicity analyses. This data is updated each year after Recalculation. Data last updated February 2023.
- Dashboard 3: Provides districts with a planning tool, known as the SCFF Resource Estimator.

This data is updated after each apportionment period. Data last updated March 2023.

Dashboard 3, the SCFF Resource Estimator, allows users to modify assumptions about levels of general enrollment, low-income student enrollment, and student success, in addition to cost-of-living adjustments to generate projections of funding levels in future years. The SCFF Resource Estimator is designed to provide five-year estimates. The SCFF Resource Estimator will be updated with 2022-23 P2 data in the coming weeks.

Categorical Programs

Sixty-three categorical programs certified their district allocations at 2022-23 P2 totaling over \$5.3 billion. The following exhibits pertaining to 2022-23 P2 categorical program allocations can be found on our [website](#):

- Exhibit A (District Monthly Payments by program),
- Exhibit A (Apprenticeship Training and Instruction,
- Local Education Agencies), Exhibit B-4 (Perkins Reimbursement), and
- Exhibit A/B-4 (Statewide Community College).

Additional information regarding categorical programs can be found in the Compendium of Allocations and Resources (the Compendium) on the [Budget News](#) web page.

Contacts

For questions regarding the SCFF please email scff@cccoco.edu.

For general questions regarding apportionment payments please email apportionments@cccoco.edu.

For questions regarding specific categorical programs, please contact the appropriate staff specified in Appendix A: Summary of Categorical Program Accounting of the Compendium on the [Budget News](#) web page.