
CALIFORNIA COMMUNITY COLLEGES

CHANCELLOR'S OFFICE

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August 4, 2009

TO: Chief Business Officers
FROM: Erik Skinner, Vice Chancellor College Finance and Facilities Planning
SUBJECT: 2009-10 Workload Adjustments
CC: Chief Executive Officers

Assembly Bill X4 1, the recently enacted revision to the *2009-10 Budget Act*, includes a provision authorizing the Chancellor to adjust districts' base workload measures commensurate with reductions in general apportionment revenues. The purpose of this workload adjustment is to align full-time equivalent student (FTES) workload with the reduced revenues provided to districts by the state in the 2009-10 Fiscal Year. Simply put, the workload adjustment provision acknowledges that significant budget cuts will reduce the capacity of community colleges to offer courses and reduces workload expectations accordingly. Language in Assembly Bill X4 1 states legislative intent that reductions in course sections, to the greatest extent possible, be achieved in areas other than basic skills, workforce training, and transfer.

Consistent with this authority, the Chancellor's Office has calculated **preliminary** reductions to each district's base FTES workload measures for the 2009-10 Fiscal Year. These calculations are shown on the attached spreadsheet. These reductions are preliminary because we do not yet have final 2008-09 district workload measures for funded FTES, stability FTES, and restoration FTES. For now, and until we have final 2008-09 workload measures (which will be available at the 2008-09 recalculation in mid-December) we are basing these reductions on each district's funded FTES reported at the 2008-09 Second Principal Apportionment. Final workload reductions will then be calculated in late December using updated 2008-09 workload data; all other assumptions and inputs for the final calculation will be consistent with the preliminary reductions.

For 2009-10, the state's total funding obligation for all districts, as calculated pursuant to Education Code, equals \$5.861 billion. The State Budget estimates that the community colleges will receive a total of \$5.669 billion from State General Fund Revenues, Property Tax Revenues, Student Fee Revenues, and Oil & Mineral Revenues in 2009-10. The shortfall in revenues compared to funding obligation equals

\$192 million or 3.39 percent of general apportionment revenues. Therefore, for this preliminary workload adjustment the Chancellor's Office has reduced each district's Total Computational Revenue for 2009-10 by 3.39 percent.

Basic Allocations

If a district's FTES workload is reduced to a point where a district falls into a lower funding category for the basic allocation determination (e.g. drops from a medium-sized district to a small district), that district will not experience a reduction in its basic allocation revenue for the first three years starting with the 2009-10 fiscal year and extending to 2011-12. If after the third year a district's actual FTES (as opposed to funded FTES) remains at the lower basic allocation threshold, then that district's basic allocation revenue amount will be reduced accordingly.

Final Workload Reduction Calculations

Final 2008-09 workload information is due to the Chancellor's Office from districts on November 1, 2009. Once we have this final workload data for 2008-09, the Chancellor's Office will recalculate each district's base workload adjustments and make them available to districts in the same format as shown on the attached spreadsheet. We anticipate that the final workload reduction calculations will be completed by mid-December. As noted above, the only variable changing in the final calculations will be the updated 2008-09 workload data.

District Workload Reduction Option

This preliminary workload reduction calculation reduces all three workload measures proportionally based on each district's mix of funded FTES for credit, non-credit, and career development and college preparation as certified at the 2008-09 Second Principal Apportionment. However, when the final workload reductions are calculated in mid-December, a district will have the option of allocating its FTES workload reduction across the three funding categories as it sees fit. That is, a district may choose to reduce FTES disproportionately across the three FTES workload categories (credit, non-credit, and career development and college preparation) as long as the resulting total dollar amount equals the district's specified workload reduction.

In the coming weeks, the Chancellor's Office will make available the necessary forms and guidance to districts wishing to adjust the mix of reductions to the three FTES workload measures. If a district does not choose to exercise this option, the Chancellor's Office will calculate the final workload reductions using the same proportional method used for this preliminary August workload adjustment.

Ding-Jo Currie

From: Skinner, Erik [eskinner@CCCCO.EDU]
Sent: Wednesday, August 05, 2009 4:04 PM
To: SO2CEO@LISTSERV.CCCNEXT.NET
Subject: Workload Adjustment Memo--follow up

Dear CBOs:

Following the distribution of yesterday's memo and spreadsheet on the workload adjustment, I received questions from several CBOs. In order to provide additional clarification to the field, I have included in this message some of the most common questions along with the answers. I hope you find this information useful.

Question 1: I have a question on the 3.39%. Is this cut in addition to the \$120 million reduction that was previously reported? Also, does this reduction factor in any of the estimated property tax shortfall?

Answer 1: The 3.39 percent reduction in workload reflects the entire general apportionment shortfall. It includes:

- \$120 million cut to apportionments (in lieu of cut to physical education funding rates)
- \$53 million property tax shortfall (the total estimated property tax shortfall is \$116 million, but \$63 million in relief is provided in the revised budget)
- \$41 million base shortfall
- \$21 million shortfall in student fee revenues (identified but not backfilled in the budget package)
- Various other technical changes

Question 2: What happens if the property tax of student fee shortfalls grow beyond current estimates?

Answer 2: The workload adjustment language contained in Assembly Bill X4 1 would allow the Chancellor to make further adjustments to workload in the event that the shortfall in general apportionment grows, for instance due to further erosion in property taxes or student fees. However, at this time we are still evaluating if and how we would exercise such authority. The Chancellor's Office will be consulting with ACBO and other stakeholders as we consider how to proceed.

Question 3: Your memo indicates that the workload reduction will be a proportional 3.39 percent reduction to each category (credit, noncredit, career development college prep). The worksheet uses our P-2 FTES numbers for each category but the reductions by category do not equal 3.39 percent, nor does the aggregate reduction in FTES. Why is this?

Answer 3: The 3.39 percent reduction was applied to each district's TCR. Because TCR also includes basic allocations, your reduction in FTES will not equal 3.39 percent. We applied the adjustment in this manner in order to ensure uniform adjustments across all districts. This is also consistent with the workload adjustment provisions that exist in our regulations (Title 5, Section 58772).

Question 4: One of our colleges has exceeded 10,000 FTES (2008-09 annual) and should be getting the differential increase for exceeding this target. With the adjustment in workload, the college will be below the 10,000 threshold. Is the college protected and for how long?

Answer 4: The higher basic allocation will be protected for the current and two subsequent fiscal years. See the excerpt from yesterday's memo:

If a district's FTES workload is reduced to a point where a district falls into a lower funding category for the basic allocation determination (e.g. drops from a medium-sized district to a small district), that district will not experience a reduction in its basic allocation revenue for the first three years starting with the 2009-10 fiscal year and extending to 2011-12. If after the third year a district's actual FTES (as opposed to funded FTES) remains at the lower basic allocation threshold, then that district's basic allocation revenue amount will be reduced accordingly.

Question 5: What impact does the workload adjustment have on restoration. The district has restored all but \$1 million in 2008-09. The district had planned on full restoration in 2009-10. Will we still be able to receive this funding?

Answer 5: A district is entitled to restore all outstanding restoration, as adjusted for the workload reduction. That is, a district's restoration eligibility is reduced by 3.39 percent so as to ensure equitable treatment with non-restoration districts. The district will earn the restoration by exceeding their revised base workload measures. The resources to earn back the outstanding restoration are included in the revised overall statewide total computational revenue figure. If the overall statewide total computation revenue had NOT been adjusted, then the ENTIRE system would have experienced a statewide deficit factor applied to ALL districts as soon as a "restoration" district" began to restore workload.

Question 6: Do you know if our 2009-10 Lottery Funds will be based on the old FTES base or the new FTES base?

Answer 6: Lottery Fund allocations are based on prior-year actual FTES (as opposed to funded FTES). Accordingly, the workload adjustment will have no bearing on lottery allocations. For 2009-10 and future years, what will drive your Lottery Fund allocation is the number of FTES you end up serving.

Question 7: How will this workload adjustment affect my district's Faculty Obligation Number (FON)?

Answer 7: Title 5, Section 51025 (g) specifies that "For districts that experience a reduction in base credit FTES, the Chancellor shall make a proportionate reduction to their base number of full-time faculty." Under this provision, any reduction to a district's funded credit FTES in 2009-10 would reduce the FON by an equal percentage for Fall 2010. This would be a permanent reduction to the district's FON.

I would further note that Title 5, Section 51025 (c) (7) specifies that "If the Board of Governors determines pursuant to subsection (a) that adequate funds have not been provided to implement paragraph (1), the district's base full-time faculty obligation shall be unchanged. However, for the fall term of the succeeding fiscal year the district may choose, in lieu of maintaining its base obligation, to maintain, at a minimum, the full-time faculty percentage attained in the prior fall term." Given that the Board of Governors has already made the finding of inadequate funds in regard to the 2009-10 year, a district has the option of meeting its 2009-10 full-time faculty requirement by simply maintaining its percentage of full-time faculty from the prior year, even if this represents a number of full-time faculty that is less than the district's FON. Given the severity of cuts in the 2009-10 State Budget, it seems likely that the Board would also rule that

the budget contains inadequate funds to support an increase in the FON for fall 2010. This action, if taken by the Board, would then extend this alternative "percentage" option for the 2010-11 year. This provision grants temporary flexibility but does not permanently reduce a district's FON.

I hope this information provides greater clarity on how the workload reduction will work. Given that it is a new and complex topic, there are bound to be many questions about it. Please feel free ask additional questions as needed. I am sure we will spend a significant amount of time on this matter at the Budget Workshops as well.

Regards,

Erik Skinner

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CCC 2009-10 PRELIMINARY WORKLOAD REDUCTION, AUGUST 2009

District	2008-09 P2 FTEs				2008-09 P2 Total Computational Revenue (TCR)				\$192 Million Revenue Reduction - 3.39%				2009-10 Revised TCR				FTEs Reductions				New FTEs Base - 2009-10		
	Funded	Funded	Funded	Total	Funded	Non-Credit	CDCP	Funded	Total	Credit	None-Cr	CDCP	Total	Credit	Non-Cr	CDCP	Total	Credit	None-Cr	CDCP		Total	
Allan Hancock	8,597.32	1,028.28	471.50	10,097.10	\$	1,665,102.12	\$	(1,417,775.55)	\$	(169,573.33)	\$	(77,755.00)	\$	47,462,541.00	(310.59)	(61.78)	(24.06)	(396.43)	(310.59)	(61.78)	(24.06)	(396.43)	9,700.67
Antelope Valley	11,482.60	50.29	-	11,532.89	57,121,229	(1,936,032)	(1,927,590)	(8,442)	-	-	-	-	55,185,197.00	(422.77)	(3.08)	-	(425.85)	(422.77)	(3.08)	-	(425.85)	11,107.54	
Barstow	2,226.67	198.33	-	2,425.00	14,583,898	(494,298)	(453,872)	(40,426)	-	-	-	-	14,089,600.00	(99.43)	(14.73)	-	(114.16)	(99.43)	(14.73)	-	(114.16)	2,310.84	
Butte	10,435.50	1,401.92	33.03	11,870.45	56,019,927	(1,898,705)	(1,669,182)	(224,240)	(5,283)	-	-	-	54,121,222.00	(365.66)	(81.69)	(1.63)	(448.98)	(365.66)	(81.69)	(1.63)	(448.98)	11,421.47	
Cabrillo	11,509.01	336.72	-	11,845.73	58,996,818	(1,999,602)	(1,942,162)	(56,840)	-	-	-	-	56,997,216.00	(20.71)	(17.75)	-	(38.46)	(20.71)	(17.75)	-	(38.46)	11,399.43	
Cerritos	17,023.33	300.19	-	17,323.52	82,961,277	(2,811,839)	(2,796,114)	(48,725)	-	-	-	-	80,149,438.00	(605.31)	(17.75)	-	(623.06)	(605.31)	(17.75)	-	(623.06)	16,700.46	
Chabot-Las Positas	16,732.99	452.23	-	17,185.22	84,821,205	(2,874,878)	(2,799,225)	(75,653)	-	-	-	-	81,946,327.00	(613.22)	(27.56)	-	(640.78)	(613.22)	(27.56)	-	(640.78)	16,544.44	
Chaffey	14,336.79	504.04	-	14,840.83	73,471,597	(2,490,201)	(2,405,620)	(84,575)	(3,962)	-	-	-	70,981,396.00	(30.81)	(30.81)	-	(57.80)	(30.81)	(30.81)	-	(57.80)	14,283.03	
Citrus	10,552.64	1,396.92	24.77	11,974.33	56,514,237	(1,915,459)	(1,688,040)	(223,457)	-	-	-	-	54,598,778.00	(369.79)	(81.41)	(1.23)	(452.43)	(369.79)	(81.41)	(1.23)	(452.43)	11,521.90	
Coast	35,034.27	614.32	-	35,648.59	172,683,411	(5,852,826)	(5,751,966)	(100,860)	-	-	-	-	166,830,585.00	(1,260.06)	(36.74)	-	(1,296.80)	(1,260.06)	(36.74)	-	(1,296.80)	34,351.79	
Compton	4,917.15	98.31	-	5,015.46	26,037,332	(882,493)	(865,195)	(17,298)	-	-	-	-	25,154,839.00	(189.54)	(6.30)	-	(195.84)	(189.54)	(6.30)	-	(195.84)	4,819.62	
Contra Costa	28,248.97	274.23	-	28,523.20	141,329,767	(4,790,145)	(4,744,091)	(46,054)	-	-	-	-	136,539,622.00	(1,039.27)	(16.78)	-	(1,056.05)	(1,039.27)	(16.78)	-	(1,056.05)	27,467.15	
Copper Mt.	1,508.97	49.85	-	1,558.82	10,900,157	(369,443)	(357,628)	(11,815)	-	-	-	-	10,530,714.00	(78.34)	(4.30)	-	(82.64)	(78.34)	(4.30)	-	(82.64)	1,476.18	
Desert	7,156.01	103.25	831.06	8,090.32	38,956,936	(1,320,383)	(1,167,899)	(16,851)	(135,633)	-	-	-	37,636,553.00	(255.85)	(6.14)	(41.96)	(303.95)	(255.85)	(6.14)	(41.96)	(303.95)	7,786.37	
El Camino	19,645.90	36.44	-	19,682.34	99,744,740	(3,374,687)	(3,374,428)	(6,259)	-	-	-	-	96,364,053.00	(739.22)	(2.28)	-	(741.50)	(739.22)	(2.28)	-	(741.50)	18,940.84	
Feather River	1,609.60	34.43	-	1,644.03	11,317,157	(383,577)	(375,544)	(8,033)	-	-	-	-	10,933,580.00	(82.27)	(2.93)	-	(85.20)	(82.27)	(2.93)	-	(85.20)	1,558.83	
Foothill-OakAnza	32,780.02	748.73	-	33,528.75	161,519,545	(5,474,445)	(5,352,195)	(122,250)	(8,366)	-	-	-	156,045,100.00	(1,172.49)	(44.54)	-	(1,217.03)	(1,172.49)	(44.54)	-	(1,217.03)	32,311.72	
Gavilan	4,802.23	640.17	48.91	5,491.31	27,711,807	(939,247)	(821,385)	(109,496)	-	-	-	-	26,772,560.00	(179.94)	(39.89)	-	(222.42)	(179.94)	(39.89)	-	(222.42)	5,268.89	
Glendale	13,276.94	321.34	2,576.42	16,174.70	75,352,048	(2,553,936)	(2,096,389)	(50,739)	(406,809)	-	-	-	72,798,112.00	(459.25)	(18.48)	(125.87)	(603.60)	(459.25)	(18.48)	(125.87)	(603.60)	15,571.10	
Grossmont-Cuyamater	17,849.18	901.33	-	18,750.51	91,149,181	(3,089,355)	(2,940,851)	(148,504)	-	-	-	-	88,059,826.00	(644.24)	(54.10)	-	(698.34)	(644.24)	(54.10)	-	(698.34)	18,052.17	
Hartnell	7,072.66	15.71	-	7,088.37	36,203,711	(1,227,066)	(1,224,346)	(2,720)	-	-	-	-	34,976,645.00	(268.21)	(0.99)	-	(269.20)	(268.21)	(0.99)	-	(269.20)	6,819.17	
Imperial	7,091.41	114.26	28.94	7,234.61	36,099,763	(1,193,543)	(1,193,325)	(19,324)	(4,894)	-	-	-	34,876,220.00	(262.73)	(1.51)	(1.51)	(271.28)	(262.73)	(1.51)	(1.51)	(271.28)	6,963.33	
Kern	19,806.73	315.37	0.90	20,123.00	105,399,832	(3,572,357)	(3,516,211)	(55,986)	(160)	-	-	-	101,827,475.00	(770.28)	(20.40)	(0.05)	(790.73)	(770.28)	(20.40)	(0.05)	(790.73)	19,332.27	
Lake Tahoe	1,756.05	56.86	56.96	1,869.87	12,445,160	(421,809)	(396,133)	(12,827)	(12,848)	-	-	-	12,023,351.00	(86.78)	(4.67)	(3.98)	(95.43)	(86.78)	(4.67)	(3.98)	(95.43)	1,774.44	
Lassen	1,542.67	19.68	-	1,562.35	11,125,874	(377,094)	(372,344)	(4,750)	-	-	-	-	10,748,780.00	(81.57)	(1.73)	-	(83.30)	(81.57)	(1.73)	-	(83.30)	1,479.05	
Long Beach	20,324.67	628.49	576.00	21,529.16	103,008,503	(3,491,307)	(3,295,979)	(101,920)	(93,408)	-	-	-	99,517,196.00	(722.04)	(37.13)	(28.90)	(788.07)	(722.04)	(37.13)	(28.90)	(788.07)	20,741.09	
Los Angeles	99,106.26	4,152.24	2,197.86	105,456.36	504,119,558	(17,086,320)	(16,057,460)	(672,757)	(356,103)	-	-	-	487,033,238.00	(3,517.65)	(245.09)	(110.18)	(3,872.92)	(3,517.65)	(245.09)	(110.18)	(3,872.92)	101,583.44	
Los Rios	52,342.47	719.10	-	53,061.57	259,730,230	(8,803,137)	(8,683,835)	(119,302)	-	-	-	-	250,970,993.00	(1,902.34)	(43.46)	-	(1,945.80)	(1,902.34)	(43.46)	-	(1,945.80)	51,115.77	
Marin	2,407.09	210.95	-	2,618.04	26,711,328	(610,841)	(586,968)	(17,765)	(6,089)	-	-	-	25,711,328.00	(128.59)	(6.47)	(1.88)	(136.94)	(128.59)	(6.47)	(1.88)	(136.94)	4,418.04	
Menlo-Coyote-Lake	2,903.75	87.88	30.12	3,021.75	18,022,415	(1,686,856)	(1,418,237)	(135,141)	(133,478)	-	-	-	17,411,574.00	(310.69)	(49.23)	(41.30)	(401.22)	(310.69)	(49.23)	(41.30)	(401.22)	2,884.81	
Mercado	8,621.56	821.53	811.42	10,254.51	49,769,467	(1,286,053)	(977,940)	(308,113)	-	-	-	-	45,781,548.00	(214.23)	(112.25)	-	(326.48)	(214.23)	(112.25)	-	(326.48)	9,871.83	
Mira Costa	8,080.29	1,191.54	-	9,271.83	37,944,080	(1,286,053)	(977,940)	(308,113)	-	-	-	-	36,658,027.00	(214.23)	(112.25)	-	(326.48)	(214.23)	(112.25)	-	(326.48)	7,992.06	
Monterey Peninsula	6,325.58	1,992.96	-	8,318.54	135,729,310	(4,600,326)	(3,635,925)	(225,116)	(739,284)	-	-	-	131,128,984.00	(796.51)	(82.01)	(228.73)	(1,107.25)	(796.51)	(82.01)	(228.73)	(1,107.25)	29,443.16	
Mt. San Antonio	24,145.90	1,494.98	4,909.53	30,550.41	53,401,431	(1,809,955)	(1,748,368)	(40,563)	(21,024)	-	-	-	51,591,476.00	(383.01)	(14.78)	(6.50)	(404.29)	(383.01)	(14.78)	(6.50)	(404.29)	10,212.30	
Mt. San Jacinto	10,255.34	237.93	123.32	10,616.59	30,660,640	(1,039,193)	(886,326)	(152,867)	-	-	-	-	29,621,447.00	(194.16)	(55.69)	-	(249.85)	(194.16)	(55.69)	-	(249.85)	5,919.10	
Napa Valley	5,261.49	907.46	-	6,168.95	18,757,199	(5,380,819)	(4,223,888)	(671,128)	(486,306)	-	-	-	153,376,380.00	(925.20)	(244.49)	(150.46)	(1,320.15)	(925.20)	(244.49)	(150.46)	(1,320.15)	34,223.11	
North Orange County	27,897.77	4,433.17	3,212.32	35,543.26	158,757,199	(4,697,173)	(3,447,910)	(51,641)	(1,230,803)	-	-	-	133,889,534.00	(679.74)	(132.42)	(380.81)	(1,192.97)	(679.74)	(132.42)	(380.81)	(1,192.97)	30,644.19	
Ontario	8,403.83	43.29	-	8,447.12	44,203,213	(1,454,351)	(1,446,898)	(7,453)	-	-	-	-	41,455,220.00	(316.97)	(2.72)	-	(319.69)	(316.97)	(2.72)	-	(319.69)	8,127.43	
Palo Verde	1,801.37	104.46	-	1,905.83	12,523,213	(424,454)	(401,189)	(23,265)	-	-	-	-	12,098,759.00	(87.89)	(8.48)	-	(96.37)	(87.89)	(8.48)	-	(96.37)	1,809.46	
Palomar	18,885.49	457.92	852.00	20,195.41	96,862,720	(3,283,006)	(3,070,063)	(74,440)	(138,503)	-	-	-	93,579,714.00	(672.55)	(27.12)	(42.85)	(742.52)	(672.55)	(27.12)	(42.85)	(742.52)	19,452.89	
Pasadena Area	21,287.53	525.01	835.85	22,648.39	107,959,599	(3,659,117)	(3,439,254)	(84,822)	(135,042)	-	-	-	104,300,482.00	(50.90)	(50.90)	-	(826.11)	(50.90)	(50.90)	-	(826.11)	21,822.28	
Perrita	19,532.52	292.55	-	19,825.07	103,251,705	(3,499,551)	(3,447,910)	(51,641)	-	-	-	-	99,752,184.00	(755.32)	(18.81)	-	(774.13)	(755.32)	(18.81)	-	(774.13)	19,050.94	
Rancho Santiago	21,031.19	2,463.66	8,342.31	31,837.16	138,586,707	(4,697,173)	(3,447,910)	(51,641)	(1,230,803)	-	-	-	133,889,534.00	(679.74)	(132.42)	(380.81)	(1,192.97)	(679.74)	(132.42)	(380.81)	(1,192.97)	30,644.19	
Redwoods	5,212.31	2.04	-	5,214.35	28,504,415	(966,111)	(965,733)	(378)	-	-	-	-	27,538,304.00	(211.56)	(0.14)	-	(211.70)	(211.56)	(0.14)	-	(211.70)	5,002.65	
Rio Hondo	12,804.29	575.26	26.94	13,406.49	64,544,225																		