

# Overview of the Student Centered Funding Formula



# Milestone

“...California’s state leaders have truly delivered on a promise to put students first and set an example for the rest of the nation by adopting a new funding formula that incentivizes student success...”

–Chancellor Eloy Ortiz Oakley

# Community College Funding

- State law governs most funding for community college districts:
  - State funds.
  - Local property taxes.
  - Enrollment fees.
- The primary mechanism for funding community college districts is now the Student Centered Funding Formula (SCFF). The SCFF determines the total funds for a district.
- The state also allocates funds through categorical programs—which have different allocation formulas and restrictions.

# Problem Statement

- While the system has made significant strides in improving student success, serious challenges remain.
  - Most students who enter a community college never complete a degree or certificate or transfer.
  - Students who do reach an educational goal take a long time to do so.
  - Achievement gaps persist (across student groups and across regions).
- The prior formula rewarded a primary outcome—FTES—which did not reflect the range of goals for community colleges and their students.

# Theory of Action

- Funding formulas can encourage progress on state goals through several mechanisms. They can:
  - Create financial incentives for institutions to make progress.
  - Make institutions more aware of state goals.
  - Make institutions more aware of their own performance.
  - Result in institutional capacity to make change.

(Dougherty et al., 2014)

# Student Centered Funding Formula

- In reforming funding for community college districts, we should aim to do the following:
  - Encourage progress toward the *Vision for Success* adopted by the Board of Governors.
  - Provide groups of students that have faced barriers to success with additional support to meet our goals.
  - Make resources most useful to community college districts by making them stable, predictable, and flexible.
- We want community college finance to further the activities the Chancellor's Office is undertaking through the Guided Pathways framework.

# Student Centered Funding Formula

- The new formula calculates apportionments generally using three allocations:
  - *Base Allocation*—Current factors (primarily credit FTES).
  - *Supplemental Allocation*—Counts of low-income students.
  - *Student Success Allocation*—Counts of outcomes related to the *Vision for Success*, with “premiums” for outcomes of low-income students.
- Under this structure, no changes made to funding for noncredit FTES and some credit FTES—funding based only on enrollment.
- The rates are calculated to provide a three-year transition to the new funding rates.

# Factors & Rates—Base Allocation

<b>Base Allocation (per FTES)</b>	<b>2018-19</b>
Credit FTES	\$3,727
Credit FTES of special admits	5,457
Credit FTES of inmates in correctional facilities	5,457
Noncredit FTES	3,347
CDCP noncredit FTES	5,457



# Factors & Rates—Base Allocation

<b>Basic Allocation (by category)</b>	<b>2018-19</b>
Single college district	\$3,917,752 to 6,529,588
Multi-college district	3,917,752 to 5,223,670
Rural college designation	1,246,086
State approved centers	1,305,918
Grandparented centers	163,241 to 1,305,918

# Factors & Rates—Supplemental Allocation

<b>Supplemental Allocation (per headcount)</b>	<b>2018-19</b>
Pell Grant recipient	\$919
California College Promise Grant recipient	919
AB 540 fee waiver recipient	919

# Factors & Rates—Student Success Allocation

All students (per outcome)	2018-19
Associate degrees for transfer (ADT) granted	\$1,760
Associate degrees granted (excluding ADT)	1,320
Baccalaureate degrees granted	1,320
Credit certificates (16 units or more) granted	880
Completion of transfer-level mathematics and English courses within first academic year of enrollment	880
Successful transfer to four-year university	660
Completion of nine or more CTE units	440
Attainment of regional living wage	440

# Factors & Rates—Student Success Allocation

Additional for Pell Grant recipients (per outcome)	2018-19
Associate degrees for transfer (ADT) granted	\$666
Associate degrees granted (excluding ADT)	500
Baccalaureate degrees granted	500
Credit certificates (16 units or more) granted	333
Completion of transfer-level mathematics and English courses within first academic year of enrollment	333
Successful transfer to four-year university	250
Completion of nine or more CTE units	167
Attainment of regional living wage	167

# Factors & Rates—Student Success Allocation

<b>Additional for California College Promise Grant recipients (per outcome)</b>	<b>2018-19</b>
Associate degrees for transfer (ADT) granted	\$444
Associate degrees granted (excluding ADT)	333
Baccalaureate degrees granted	333
Credit certificates (16 units or more) granted	222
Completion of transfer-level mathematics and English courses within first academic year of enrollment	222
Successful transfer to four-year university	167
Completion of nine or more CTE units	111
Attainment of regional living wage	111

# Stability Provisions

	2018-19	2019-20	2020-21	2021-22
	SCFF Calculation	SCFF Calculation	SCFF Calculation	SCFF Calculation
1	N/A	N/A	2017-18 Base Rates Applied to 2020-21 FTES (No COLA)	2017-18 Base Rates Applied to 2021-22 Workload (No COLA)
2	N/A	Line 1 in 2018-19	Line 1 in 2019-20	Greater of Line 1 or 2 in 2020-21
3	2017-18 Revenues Adjusted by COLA	2017-18 Revenues Adjusted by COLA	2017-18 Revenues Adjusted by COLA	N/A

# Chancellor's Office Implementation



- Board of Governors
- Legislature
- Governor's Administration
- Oversight Committee
- Advisory Groups

# Chancellor's Office Implementation

- To communicate how the implementation of the SCFF can advance the *Vision for Success* under the Guided Pathways framework.
- To apportion funds consistent with the related statutes.
- To align system policies and practices with these changes.
- To support community colleges in implementing these policies by providing professional development and technical assistance.
- To make decisions transparently and with advice from interested parties.



# SCFF Oversight Committee

- The legislation enacting the SCFF created an oversight committee consisting of 12 members appointed by the Senate Rules Committee, the Assembly Speaker, and the Governor.
- The committee is charged with making recommendations:
  - By January 1, 2020, on use of measures (as part of the supplemental allocation) related to a student's status as a first-generation college student, a student's financial need given regional considerations, and a student's academic proficiency.
  - By June 30, 2021, on funding for noncredit courses and instructional service agreements, as well as methods by which allocations could be adjusted in a recession.

# Advisory Workgroup on Fiscal Affairs

- The Chancellor asked the Advisory Workgroup on Fiscal Affairs to lend expertise on the following:
  - The adoption of regulations that clarify the provisions of the related statutes.
  - The development of new reports, including apportionment reports, that reflect the formula and associated processes to collect data from districts.
  - The production of tools that would help business officials and other local leaders forecast revenues under the formula, including new multi-year planning tools.
- The committee consists of chief business officials, a chief executive officer, a chief instructional officer, a chief student services officer, and an institutional research. We may continue to broaden its membership.

# Governor's Proposed Adjustments

- Proposes the following adjustments, pending further data analysis:
  - Funding rates for 2019-20 would be 2018-19 rates plus COLA.
  - Funding rates for 2020-21 remain unchanged from current law.
  - In 2019-20, districts receive highest of (1) SCFF calculation for 2019-20, (2) SCFF calculation for 2018-19, or (3) 2017-18 revenues plus COLA.
  - Year-to-year growth in total amount for student success allocation would be limited to 10%.
  - Definition of students transferring to university would be modified such that each transfer student is counted only once.

# Data Review

- The Chancellor’s Office has committed significant resources aimed at improving the consistency of definitions of, and processes used for collecting, system data.
- As part of the implementation of SCFF, the Chancellor’s Office will conduct an evaluation of the “lifecycle” of SCFF data. The evaluation would look, using a sample of colleges and districts, collection, storage, and reporting processes, with the intent to:
  - Identify and common practices and articulate best practices
  - Highlight weaknesses.
  - Make recommendations for improvements.

# Links to Educational Programs

- Districts are required to do the following:
  - Goals—Certify it will adopt, by January 1, 2019, goals that are aligned with the Vision for Success, with the goals adopted by the governing board by May 31, 2019
  - Comprehensive Plans—Align comprehensive plans with those goals and alignment of annual budgets with the comprehensive plans.
  - Capacity—If directed by the chancellor (with approval by the Board of Governors), use funds for technical assistance or professional development.

# Continued Alignment of Finance Policies

- Moving forward, the Chancellor's Office is working to align allocation of other state funds consistent with the *Vision for Success* and the SCFF principles, including:
  - Student Equity and Achievement Program.
  - State capital outlay program.
- In contemplating changes, we will work with stakeholders and through the consultation process.

# Resources

- Through Guided Pathways, the Chancellor’s Office is supporting districts in making changes to improve student success—including through an SCFF community in the new Vision Research Center.
  - <https://visionresourcecenter.cccco.edu/>
- The Fiscal Crisis and Management Assistance Team has produced an SCFF Calculator to support better multi-year planning.
  - <http://fcmat.org/student-centered-funding-formula/>
- Updates are posted regular at the Chancellor’s Office’s SCFF website:
  - <http://extranet.cccco.edu/Divisions/FinanceFacilities/StudentCenteredFundingFormula.aspx>