

**California Community Colleges  
Advisory Workgroup on Fiscal Affairs  
October 10, 2014 Meeting Notes**

❖ **Actions Taken**

- Members voted to accept the September 5th meeting notes with some minor changes. The revised notes will be posted to the Chancellor's Office website under the "Workgroup on Fiscal Affairs" section of the Finance and Facilities Division homepage.
- The workgroup canceled the November meeting, previously scheduled for November 14, 2014; the next meeting is scheduled for January 23, 2015.

❖ **Reviewing the Growth Funding Allocation Model created at the last meeting**

The model finalized at the September meeting started with district rates for 4 factors (educational attainment, unemployment, Pell, participation rate), district rates are compared to the statewide rate for each of the factors and the differences are capped between 1 and 10. Each of the factors and the unfunded FTES factors are weighted at 20 percent and summed to determine the district's index value.

❖ **Options for Simplifying the Growth Allocation Model**

In reviewing the work completed at the September meeting, many noticed that the formula used to translate the index value to a funding allocation could be done much more simply. This would make it easier for districts to understand the methodology and enable them to plan ahead.

After discussing some different options for converting the index value into a funding allocation and looking at the tradeoffs, the group concluded that simply converting the index value for each district to a rate by dividing it by 100 would generate a district's growth rate. Districts with more need according to the five factors have a higher index value, and therefore will have a higher growth rate, which is the intent of the trailer bill language.

Members expressed concern with the fact that in many cases, districts that are not growing will have a high growth rate, and those that have high enrollment demand will have a low growth rate. It was also stated that when this formula is presented to the field, we need to be up front with the fact that this formula is in response to enacted legislation, and we are aware that the formula will likely result in a mismatch between demand and "unmet need" as determined by statute.

❖ **Concerns with the Growth Allocation Model**

Members of the workgroup highlighted numerous concerns with the model including the following:

- The model is not primarily designed to allocate growth funding to those districts that can actually grow.
- The model may create problematic mismatches. As districts with a high level of enrollment demand may not receive a high growth rate, they will be confronted with a difficult decision:

Should they serve as many students as possible and hope that they are funded for them once growth dollars are reallocated at the end of the year, or do they constrain course sections to avoid overextending their finances? Districts will have to decide how much risk they are willing to take on. It may be that this formula ultimately constrains system-wide access as high-demand districts hold back due to funding uncertainty.

- The formula created (aligned with the trailer bill language) is not actually a growth formula, but more of a reallocation formula. The workgroup agreed that we will need to use other metrics to quantify the need for access that can be presented to the policy makers as part of the budget development process.
- This model assumes that districts that serve more high-need communities should have more seats, and that funding more seats will bring more of those high-need students to the campus. High need students often require more support to be successful and thus are more expensive to serve, yet this formula does not address the issue of funding per student.
- Some voiced the view that data should be presented to decision makers so alternatives can be considered.

#### ❖ **Discussion of the PowerPoint Presentation and Handouts for ACBO**

The group reviewed the PowerPoint as well as the handouts for the October 27<sup>th</sup> ACBO conference presentation and suggested some edits to both. Natalie will edit the handout and Bonnie and Ann-Marie will work on editing the PowerPoint presentation for the ACBO Conference. All documents will be sent out to the group prior to the ACBO conference so that everyone is on the same page when the formula is presented.

#### ❖ **Next Steps**

- The growth funding allocation model will be presented at the ACBO fall conference on October 27, 2014.
- Consultation Council- The model will be presented at the November Consultation Council.
- Board of Governors - The model will likely be presented during the January board meeting.

#### ❖ **Upcoming Meetings**

- [Canceled] ~~November 14, 2014 9:30-2~~
- January 23, 2015 9:30-2
- Dan and Bonnie will schedule monthly meetings for the next year. Meetings will be canceled if they are not needed.

#### ❖ **Topics to be Addressed at Upcoming Meetings**

- Chancellor Harris has requested that the group look at how well the CCC fiscal model works for small/rural districts.
- Impact of the growth formula on workload restoration
- Approved centers and colleges- funding formula for new centers during growth years and deficit years, scenarios. The Chancellor's office is working on updating the capital outlay plan.

❖ **Attendees at the October 10 Meeting:**

- Bonnie Ann Dowd – San Diego CCD
- Ann-Marie Gabel – Long Beach CCD
- Doug Roberts – Sonoma CCD
- Sharlene Coleal – Santa Clarita CCD
- Theresa Matista – Los Rios CCD
- Kathy Blackwood – San Mateo CCD
- Chris Yatooma, Sierra Joint CCD
- Vinh Nguyen – Los Angeles CCD
- Jeff DeFranco – Lake Tahoe CCD
- Sue Rearic – Grossmont-Cuyamaca CCD
- Dan Troy – CCC Chancellor's Office
- Mario Rodriguez – CCC Chancellor's Office
- Natalie Wagner – CCC Chancellor's Office
- Alice VanOmmeren – CCC Chancellor's Office, TRIS Division
- Tom Leigh – CCC Chancellor's Office, TRIS Division