



Content

General 2

 1. What is the Student Centered Funding Formula (SCFF)? 2

 2. What is the purpose of changing the funding formula? How will the new funding formula help students? 2

 3. How is the new funding formula aligned with the *Vision for Success*? 2

 4. What is the timeline for implementing the new funding formula? 2

Formula Design 3

 5. How is the new funding formula different from the current funding formula? 3

 6. What are the components of the new funding formula? 3

 7. How is per student funding determined for each of the parts of the funding formula? 3

 8. Which students are included in the Base Allocation? 3

 9. Which students are counted for the Supplemental Allocation? 3

 10. Which outcomes are counted for the Student Success Allocation? 3

 11. What was the process for constructing this new funding formula? 4

 12. How does the new funding formula change categorical program funding? 4

 13. Did everything change with the new funding formula, such as summer shift, stability, restoration provisions? ... 4

 14. How does this funding formula compare with other states and more general outcomes based funding formulas? 4

Implementation Process 4

 15. How will district funding levels be affected? 4

 16. Will there be more funding or does the new funding formula just divide up the same dollars in a different way?5

 17. Is there a Hold Harmless and if so for how many years? 5

 18. Will each district receive 70% of its funding from the Base Allocation, 20% from the Supplemental Allocation, and 10% from the Student Success Allocation in 2018-19? 5

 19. How will the new funding formula affect the distribution of funding from a district to colleges in a multi-college district? 5

 20. What happens in the years when state funding for the system is cut (recessions)? Will all districts be reduced proportionately? Is there a mechanism in this funding formula to account for this? 5

 21. The community college system is facing soaring pension costs and overall enrollment decline, while simultaneously being asked to increase services and support for students. How does the SCFF help? 5

Accountability and Reporting Process..... 5

22. What is the role of the Chancellor’s Office?..... 5

23. Will the Chancellor’s Office be sending out simulations for the funding formula for future years and if so when will this occur?..... 5

24. What data and accountability reporting will districts be asked to produce to receive funding under the new funding formula?..... 6

25. Will the supplemental and student success factors be audited?..... 6

26. What if it doesn’t work? Will there be an opportunity to refine the funding formula?..... 6

27. How will the effects of the new funding formula be monitored? Will there be any opportunity to modify metrics and their weights in the coming years?..... 6

General

1. What is the Student Centered Funding Formula (SCFF)?

The SCFF adopted in the 2018-19 state budget is a new way to allocate funding to community college districts. The funding formula supports access through enrollment-based funding, student equity by targeting funds to districts serving low-income students, and student success by providing districts with additional resources for student’s successful outcomes. The SCFF was established in the 2018-19 budget bill and details can be found in Assembly Bill 1809 and as summarized by the Governor in his annual budget.

2. What is the purpose of changing the funding formula? How will the new funding formula help students?

The California Community College System has a diverse student body and has a mission that includes reducing equity gaps, providing educational access and opportunity, and strengthening the state’s economy. The system has continued to face challenges in helping students reach their educational goals in an efficient and equitable manner and older and working adults are often left behind. The objective of the new funding formula is to mitigate these challenges through a system that focuses on rewarding equity and success in addition to access. The new funding formula will help students by prioritizing their success and specifically by targeting access and success for disadvantaged students.

3. How is the new funding formula aligned with the *Vision for Success*?

The *Vision for Success* includes the goal of closing achievement gaps for historically underrepresented students, which the SCFF addresses by not only providing additional funding for districts to enroll low-income students but also ensuring those students succeed. Language in the new funding formula calls on districts to set performance goals that align with the system-wide goals established in the *Vision for Success* ensuring that the colleges are aligning local goals with the equity and success metrics outlined in the *Vision for Success*.

4. What is the timeline for implementing the new funding formula?

The new funding formula has a three-year phased in approach. In 2018-19, approximately 70% of systemwide funding will be based on enrollment, approximately 20% will be based on enrollment of low-income students, and approximately 10% will be based on successful student outcomes. In 2019-20 those percentages shift to a 65-20-15 split and, in 2020-21, are completely phased in with a 60-20-20 split.

Formula Design

5. How is the new funding formula different from the current funding formula?

The prior funding formula was based predominantly on enrollment while the new funding formula has a three-pronged focus: Access, Equity, and Success. The new funding formula still supports Access through enrollment-based funding, but also supports Equity and Success through additional allocations.

6. What are the components of the new funding formula?

There are three major components. First, the Base Allocation, which focuses on overall access is determined by overall district enrollments and district size. Second, the Supplemental Allocation focuses on supporting Equity with funding determined by the number of low-income students in a district. Third, the Student Success Allocation focuses on supporting achievement of educational goals with funding determined by the number of outcomes for various measures of educational progress, transfer, completion and wage earning.

7. How is per student funding determined for each of the parts of the funding formula?

Each component in the funding formula has an associated dollar rate. These rates were determined by calculating the total dollars available for that portion of the funding formula and distributing those dollars by the total number of outcomes for that part of the funding formula. For example, the Supplemental Allocation consists of 20% of overall funding and that amount was divided by the current reported number of low-income students in the system to arrive at a rate per low-income student enrolled.

8. Which students are included in the Base Allocation?

The Base Allocation is the enrollment-based component (similar to the current funding formula) and continues to take into account the number of colleges and centers in a district as well as a district's size. While the Base Allocation includes credit students, noncredit students, Career Development and College Preparation students (CDCP), Inmates in Correctional Facilities and Special Admit students, the new funding rates only affect credit students. Noncredit Students, CDCP Students, Credit Special Admit students, and Credit Inmates in Correctional Facilities students are funded at rates set in the prior funding formula.

9. Which students are counted for the Supplemental Allocation?

The Supplemental Allocation includes the per district unduplicated headcounts of students receiving a Pell Grant, a California College Promise Grant and/or an AB540 waiver for the payment of nonresident tuition. The majority of AB540 students are undocumented students who have attended high school in California but are ineligible for a Pell grant because of their immigration status.

10. Which outcomes are counted for the Student Success Allocation?

The Student Success Allocation includes the per district number of various student progress and outcome metrics achieved. Not all outcome metrics are weighted equally, however a student may be counted for every successful outcome or progress milestone. Outcome metrics achieved by low-income students result in additional funding. The metrics are: completion of transfer level math and English within the first academic year, completion of 9+ CTE units, Associate's degrees, Associate's degrees for transfer, certificates 16+ Units, transfer to a four-year institution, and attaining the regional living wage within one year of leaving community college.

11. What was the process for constructing this new funding formula?

The Chancellor's Advisory Workgroup on Fiscal Affairs began exploring alternative funding strategies and hearing presentations in the Spring of 2017 and provided the Chancellor with an initial set of recommendations regarding a new funding system in December 2017. In January 2018, the Governor proposed the Student Centered Funding Formula, which shared some common elements with the recommendations of the Fiscal Affairs Workgroup. After the budget was released, the Chancellor asked both the Fiscal Affairs Workgroup and a Workgroup from the CEO Council of the Community College League of California, to evaluate the Governor's proposal. Both groups met and discussed the SCFF and provided feedback to the Chancellor's office staff. In addition, the Campaign for College Opportunity convened statewide experts through "Invest in Success" meetings to discuss whether the new funding formula was consistent with the equity goals outlined in the *Vision for Success*. The SCFF was also discussed at the Community College Consultation Council, and the Chancellor's Office solicited feedback from colleges through an online survey. All of this input informed the Chancellor's Office recommendation on the SCFF, which was delivered to the Department of Finance in early May 2018 (<http://extranet.cccco.edu/Portals/1/CFFP/Fiscal/Budget%20News/2018-19/Chancellors-Recommendations-on-Funding-ADA.pdf>). We feel the recommendations of the Chancellor's Office, and the stakeholder groups that were consulted, are reflected in the SCFF contained in the budget.

12. How does the new funding formula change categorical program funding?

Through the 2018-19 budget process three categorical programs, the Basic Skills Initiative, Student Success and Support Program, and Student Equity Program, were consolidated into one Block Grant program called the Student Equity and Achievement Program. However, while this change is happening simultaneously as the implementation of the SCFF, the total funding for the categorical programs and method of distribution remains unchanged and unaffected by the structure of the new funding formula. As a condition of receiving funds through this new program colleges must maintain student equity plans, provide student matriculation services, adopt multiple measures placement policies, and provide all eligible students with an education plan.

13. Did everything change with the new funding formula, such as summer shift, stability, restoration provisions?

Not everything changed with the new funding formula. While the original January proposal for the SCFF called for the elimination of summer shift, the enacted proposal does not make any changes to how districts count summer enrollment. Stability and restoration of FTES workload remain components of the SCFF.

14. How does this funding formula compare with other states and more general outcomes based funding formulas?

The SCFF is not like a traditional outcomes-based funding approach because it prioritizes both success and equity. Not all outcomes-based funding approaches have stipulations for funding based on the number of disadvantaged students enrolled and their successful outcomes. The SCFF also differs from other outcomes-based funding models because it also includes progression outcomes, such as completion of transfer level English and math in the first academic year, and because it includes workforce outcomes, such as attainment of a regional living wage. These components reflect the California Community Colleges' dual role of helping students transfer and of preparing them for the workforce. However, the design of the SCFF took into account what is known about outcomes-based funding formulas in other states and was crafted in such a way as to try to avoid or mitigate some of the unintended consequences those programs have experienced.

Implementation Process

15. How will district funding levels be affected?

For 2018-19, all districts will receive additional financial resources. Under the new funding formula districts that financially benefit beyond their 2017-18 allocation plus a cost of living adjustment will receive those higher amounts while districts that do not, will receive their 2017-18 allocation increased by a cost-of-living adjustment.

16. Will there be more funding or does the new funding formula just divide up the same dollars in a different way?

The California Community Colleges received additional funding in the state budget for the implementation of the SCFF. The Governor's budget not only increased funding for base augmentations but also included \$77 million to fund the Hold Harmless provision and ensure that district funding covers a cost of living increase. Per student spending is expected to increase 5.8 percent in the coming year.

17. Is there a Hold Harmless and if so for how many years?

Over the next three years, as the funding formula is phased-in, any district can be "held harmless" where, at a minimum, it will receive resources at least equal to the amounts received in 2017-18 plus a cost-of-living adjustment. Beginning in 2020-21, all districts will receive at least the per-student rates received in 2017-18. If at any time during the hold harmless period a district would do better under the new funding formula than the hold harmless amount they will receive the higher of the two.

18. Will each district receive 70% of its funding from the Base Allocation, 20% from the Supplemental Allocation, and 10% from the Student Success Allocation in 2018-19?

It is not necessarily true that an individual district will receive its funding in the 70% 20% 10% proportion. While the systemwide budget is being divided in this manner, the composition of individual districts' funding allocations will differ based on each one's own unique conditions and composition.

19. How will the new funding formula affect the distribution of funding from a district to colleges in a multi-college district?

The SCFF establishes the level of funding each district will receive but does not contain provisions regarding the distribution of funds from the district level to the college level as authority for those decisions are retained at the district. However, the Chancellor's Office will recommend that districts continue to divide funds equitably among their colleges.

20. What happens in the years when state funding for the system is cut (recessions)? Will all districts be reduced proportionately? Is there a mechanism in this funding formula to account for this?

Districts will be proportionately reduced should the community college system experience funding cuts. This type of reduction is no different under the SCFF than it was under the prior funding formula.

21. The community college system is facing soaring pension costs and overall enrollment decline, while simultaneously being asked to increase services and support for students. How does the SCFF help?

The SCFF was created to help address declining enrollment by providing a mechanism for districts to receive funding increases despite enrollment declines. By partly funding districts based on the successful outcomes of their current students, the SCFF allows districts to influence their future funding levels by investing in the services and supports that are targeted at helping students achieve their goals. The SCFF provides additional funding for districts that enroll and achieve successful outcomes for low-income students enabling colleges to increase services, such as financial aid counseling, that are especially needed by these student populations.

Accountability and Reporting Process

22. What is the role of the Chancellor's Office?

The Chancellor's Office will provide guidance and support to districts as they shift to the SCFF and as they seek to align their goals to the *Vision for Success*. The Chancellor's Office will be holding workshops on the budget on August 13 and 15 to inform district and college staff about the major budgetary items for the community colleges including the SCFF.

23. Will the Chancellor's Office be sending out simulations for the funding formula for future years and if so when will this occur?

The Chancellor's Office is in the process of calculating multiyear simulations for the new funding formula. We will be sharing these with districts and colleges after 2018-19 P1 Reports.

24. What data and accountability reporting will districts be asked to produce to receive funding under the new funding formula?

The SCFF will be based on current data reported by districts and will not require districts to collect or report data on additional metrics. In addition, the SCFF was designed to be consistent with the Metrics Simplification Work Group's recommendations. The law does specify that by January 1, 2019 districts are required to adopt goals for their district that are aligned with the *Vision for Success*, specify a timeline for achieving those goals, and submit a report to the Chancellor's Office summarizing the districts actions to achieve these goals.

25. Will the supplemental and student success factors be audited?

Yes. The SCFF will be subject to annual audit procedures.

26. What if it doesn't work? Will there be an opportunity to refine the funding formula?

The Chancellor's Office will assess and monitor the effectiveness of the new funding formula as will the newly created oversight committee (see below). While the law does not stipulate a process for how metrics could be changed, the Chancellor's Office takes the view that the funding formula will be evaluated for effectiveness and that alterations may be needed in the future. However, we are cautious about drawing conclusions about the effectiveness of the funding formula prematurely. Research from the field supports giving funding models time before coming to conclusions about the effects. Several of the outcome components included in the funding formula, such as degree completion, will require several years of full funding formula implementation before we can ascertain their effects.

27. How will the effects of the new funding formula be monitored? Will there be any opportunity to modify metrics and their weights in the coming years?

The Chancellor's Office is developing a plan to monitor the effects of the new funding formula. One of the components the Chancellor's Office will be keeping a careful eye on is the extent to which new certificates are created by districts to improve funding through the Student Success Allocation. While the Chancellor's Office is supportive of the creation of new certificates we want to ensure that any additional certificates have real market value for students and that students are not being encouraged to pursue shorter term certificates instead of longer term degrees.

In addition, the Legislature has established the Community College Student Success Funding Formula Oversight Committee to evaluate and review the implementation of the SCFF. While details of the Oversight Committee are yet to be determined by the Legislature, the duties will include the development of an implementation plan, including a timeline, for collecting data on the number of first-generation college students enrolled at community colleges for the purpose of including this as a metric in the funding formula in future years.