

**California Community Colleges
Advisory Workgroup on Fiscal Affairs
February 9, 2018 Meeting Notes**

1. Approve December 15, 2017 meeting notes

December 15, 2017 meeting notes were approved with one minor edit. The meeting notes will be posted to the Chancellor's Office website under the "Advisory Workgroup on Fiscal Affairs" section of the Finance and Facilities Division homepage.

2. Review Trailer Bill Language related to a "new" funding formula for California Community College system and the analysis provided by CCLC

The Workgroup discussed the Trailer Bill Language and how the formula will impact individual colleges/districts. Lizette Navarette from the CCLC along with Kathy Blackwood had spent some time creating a simulation with 2017-18 data and shared it with the group. Upon review, it was determined that further clarification was needed from the Department of Finance (DOF).

3. Review data provided by the CCCCCO requested by the workgroup members and compiled by Frances Parmelee of CCCCCO

The Workgroup reviewed and discussed the data provided by the CCCCCO. They have asked the CCCCCO to provide additional data for the March 9, 2018 meeting. Specifically, the Workgroup requested data on the number and size of centers and also requested that degrees/certificates data be disaggregated to show the number of economically disadvantaged students and also broken down by those over in the 25-34 years of age range and those 35 and older.

4. Meet with DOF to review simulations, which supported the amounts identified in the 2018-19 Proposed Budget and subsequent Trailer Bill

Chris Ferguson, Maritza Urquiza, and Michelle Nguyen of DOF presented simulations of the 2018-19 Proposed Budget. The Workgroup and DOF had a lengthy discussion on the formula factors. Although some mention was made of other metrics that could be used in a formula, the lion's share of the time was spent walking through the DOF analysis and understanding all the technicalities of the calculations. Below is a summary of the topics, including clarifications and suggestions, discussed at the meeting:

- DOF Simulations
 - DOF model does include certificates as they are using data from the Scorecard.
 - DOF intends to use transfer data and not transfer eligible.
 - The calculation method for Promise grant students (BOG waivers) was discussed. Multiple Promise grants can be given to one student if that student attends multiple colleges within and outside of their district. Therefore, the Workgroup clarified an issue related to Promise grant students as follows: If the data is run through CCC Datamart at the district level, the student will only be counted as receiving one grant. If the data is run at the college level, each student grant will be counted.

- Hold Harmless
 - The Workgroup noted the Hold Harmless does not include a COLA, which results in loss of funding because their revenues for the district would remain flat and operating costs would clearly have gone up from the prior year.
 - Concerns about the one year Hold Harmless limit was discussed because it would take a district and its college(s) longer than one year to put policy changes in place and actually start seeing results.
 - In addition, funding may be impacted by unintended consequences due to existing laws and regulations i.e., FON and 50% law.
 - A phase-in option over multiple years was recommended by the Workgroup.
- Summer Shift
 - There were numerous concerns raised by the Workgroup about limiting the college's ability to shift the year that summer enrollment is counted in.
- Based Rate Calculation
 - 3 Year Average: There was a discussion of the problems that result from swings in base allocations that are the result of shifting enrollment and what strategies could be used to solve this issue. One suggestion was that instead of using past year alone to inform future allocations that a 3 year average is used so that there is some control for year over year volatility.
 - Enrollment Thresholds: Another idea was to change the enrollment thresholds in the base to provide for additional tiers in between current levels.
 - Headcount versus FTE: A point was made that while five part-time students may count as 1 FTE all five students will need support services. Counting five students as one FTE underrepresents the true cost to support those students with regard to achieving their educational goals.
 - Noncredit students: Concern was raised about how noncredit students are counted in this new formula because they may be low-income but do not receive Promise or Pell grants funding because their education is already free. There was some support for finding a proxy rate for the number of noncredit students that should be counted as Promise/Pell students. Another issue was that a "successful outcome" for a noncredit student may not always be a degree or certificate. Districts with large noncredit populations want to ensure that they are treated fairly in a new formula otherwise the incentive will be for colleges to shift focus away noncredit classes to credit classes. Noncredit provides many students the opportunity for citizenship, learn English or become a pathway to begin to take credit classes in pursuit of their educational goals.
 - Restoration: Restoration only allows for restoration at prior year levels which means districts with declining enrollment over multiple years that then have a huge surge in enrollment demand may not be able to accommodate the new wave of enrollment demand. A suggestion was made to consider whether restoration should be for a longer period of time. Could funding be held in some sort of a reserve which could be

redirected for one time purposes in year's where the reserve is not used? DOF may explore the idea that if some money that is set aside for deferred maintenance could be used for a one year adjustment.

- Revenue and Spending Disconnect: There was some discussion about how the funding formula changes will not solve the underlying issues that the basic funding formula allocation does not adequately represent, which is the basic cost of educating a student.
- Supplemental Grant
 - Some pointed out that there may be a problem in using Pell and Promise grants because some students don't use the Pell grant when they are first admitted (they save Pell money for later years). This could result in districts/colleges serving these students without being funded for them for a number of years.
- Student Success Grant
 - There was discussion of adding a "need" component to the student success grant, for example the number of low-income or underrepresented minorities who are successful.
 - Concerns were discussed on the quality of credentials going forward given it is an incentive to receive funding.
 - There was discussion surrounding the kinds of outcome measures being used, for example should "transfer" or "transfer ready" be the metric. The trailer language uses completion as the metric but other states have used momentum points. This may an area where we can use the work the Guided Pathways group is doing on momentum points and bring these into the funding formula.
 - There was concern raised that if the DOF is using the cohort completion data that this will count as a completion of a student by the college/district where the student started at rather than the others colleges/districts that they are currently attending. This is different from degree and certificate counts which count a completion based on which college issued the degree or certificate. Using both in the formula may result in an "apples to oranges" comparison. There was also a concern about using a 6 year degree completion cohort because that time period is too long.

Further discussion will take place at our March 9, 2018 meeting.

5. **IEPI indicators workgroup is considering consolidating reported indicators for Pathways, IEPI, Strong Workforce, ACCJC, etc.**

Postponed and to be added to the March 9, 2018 meeting agenda.

6. **Chancellor's Office update – Vice Chancellor Christian Osmena**

No report.

7. **Discuss meeting time for next scheduled meeting on March 9, 2018**

The Workgroup agreed on extending the March 9, 2018 meeting. The meeting will be held from 9:00 a.m. – 4:00 p.m.

Attendees for the February 9, 2018 Meeting:

Workgroup Members in Attendance:

- Bonnie Ann Dowd – San Diego CCD
- Ann-Marie Gabel – Long Beach CCD
- Andy Suleski – Butte-Glenn CCD
- Kathy Blackwood – San Mateo County CCD
- Sue Rearic – Grossmont-Cuyamaca CCD
- Morris Rodrigue – Shasta CCD
- Sharlene Coleal – Santa Clarita CCD
- Mario Rodriguez – Los Rios CCD
- Lizette Navarette – CCLC
- Jeanette Gordon – Los Angeles CCD
- Peter Hardash – Rancho Santiago CCD
- Christian Osmena – CCC Chancellor's Office

Guest Members in Attendance:

- Julie Dahlke – CCC Chancellor's Office
- Frances Parmelee – CCC Chancellor's Office
- Chris Yatooma – CCC Chancellor's Office
- Jubilee Smallwood – CCC Chancellor's Office
- Randy Fong – CCC Chancellor's Office
- Patricia Servin – CCC Chancellor's Office
- Ryan Fuller – CCC Chancellor's Office
- Darcie Harvey – CCC Chancellor's Office, consultant
- Stacey Fisher – Foundation for CCC
- Amparo Diaz – Foundation for CCC
- Nadia Leal-Carrillo – Foundation for CCC
- Chris Ferguson – Department of Finance
- Miritza Urquiza – Department of Finance
- Michelle Nguyen – Department of Finance
- Anita Lee – Senate

Conference call attendees:

- Tom Burke – Kern CCD (Member)
- Amy Supinger – CCC Chancellor's Office, consultant (Guest)

Workgroup Members not in attendance:

- Doug Roberts – Sonoma County JCD
- Teresa Scott – Yosemite CCD

❖ Upcoming Meetings:

- March 9, 2018 9:00 a.m. – 4:00 p.m. Lunch to be provided by CCCCCO
- April 13, 2018 9:00 a.m. – 4:00 p.m. Lunch to be provided by ACBO (NOTE: meeting changed from April 20th)
- May 18, 2018 10:00 a.m. – 2:00 p.m. Lunch to be provided by CCLC
- June 11, 2018 10:00 a.m. – 2:00 p.m. Lunch to be provided by CCCCCO