

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

- 1. Welcome and Introductions**
- 2. Approve February 9, 2018 meeting notes**

February 9, 2018 meeting notes were approved. 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.

- 3. Review the CEO Workgroup's report to Chancellor Oakley related to a new funding formula for California community colleges**

Keith Curry, CEO from Compton CCD, presented the draft report to the Workgroup. Vice Chancellor Osmena suggested the Workgroup make recommendations on the mechanics of the CEO proposal and provide any other suggested edits to the proposal. The Chancellor's Office would like to get a final proposal soon to limit the number of scenarios CCCCO provides simulation data on. The focus should be on coming up with a bounded universe of metrics.

DOF commented they are open to suggestions. They are looking into a 3-year average and noncredit is also on their list of things to consider. The DOF is not opposed to changing the implementation timeline or the total percent that is based on outcomes/equity. The DOF also noted that they have received feedback from faculty that faculty are not in favor of any proposal with outcome metrics.

The Workgroup reviewed the CEO Workgroup's draft report and provided recommended changes to Lizette Navarette and Keith Curry. Keith and Lizette asked if the CBO's could support the CEO recommendations. Further discussion occurred and it was agreed that the CEO recommendations report would be updated and reflect as a joint recommendations report from the CBO and CEO workgroup. Discussion then focused on a page by page review of the CEO workgroup's original recommendation report with changes considered as edits to the report including changing the title to reflecting that the recommendations in the report are from both workgroups. It was suggested that Lizette make edits and then share with Bonnie, who will review and make any other edits and return in track change mode to Lizette and Keith by mid-day tomorrow (i.e., Saturday). This joint proposal will be presented at the post Consultation Council meeting with the council on March 15th.

The major points in which the CBOs recommended changes were in the following areas:

- **Timeline for Implementation:** The CBOs were concerned that the 7 year implementation timeline in the CEO proposal was unrealistic. Mr. Curry said that the 7 year timeline was based on the implementation timeline for LCFF. Several members voiced support for the two-year Hold Harmless but thought a 3 year implementation plan might be more realistic. Several CBOs worried about how the model will affect colleges that are experiencing enrollment growth, or how the model might have the unintended consequence of restricting large annual growth if the prior year had low enrollment.

- **Principles:** There was a concern that the principles in the CEO proposal were too limited and did not include the impact of the proposal on the operations of a college or district. The CBOs asked that their entire list of principles be included in the recommendations report draft. The list of principles listed in the January 2018 Advisory Workgroup on Fiscal Affairs was reviewed and all were recommended to be included.
- **Context section:** The CBOs were generally okay with this section but they want to include language regarding the CBO group's discussion and efforts in regard to this issue.
- **Recommendations section:** The CEO draft had recommended that a Commission be formed to review annually; however, the CBOs recommended that this be changed to just say that there should be an annual review and remain silent about a Commission and let the Chancellor make the decision as to how the annual review will occur.
- **Metrics:** CBOs raised the concern that there was "equitable success" but no "equitable access," no dollars are being distributed based on how many equity students are enrolled. In addition, some CBOs want to use headcount instead of or in addition to FTE as the access metric. Bonnie raised the concern that equitable success and access might not be connected enough to the Vision and the Guided Pathways. Some CBOs noted that they were happy with the idea of dividing metrics into two areas (equitable success and access) but that they wanted to look at and revise the actual metrics in those two areas (on the last page of the CEO report).
 - *Equitable Success:* There was a suggestion to look at other factors besides income, such as older students. Mr. Curry suggested adding this to the evaluation section so that this could be reviewed at a later time (there was general agreement on this strategy). They discussed the language in the CEO report about the Perkins act and wanted it changed to note that the Perkins act includes factors such as CalWorks etc. but is not limited to those factors. There was concern about whether the Perkins Act numbers capture disadvantaged students and it was decided to wait until the simulation data is available to determine if this metric works.
 - *Access:* There was a discussion of enrollment funding and what happens in restoration years. The concern was voiced that if the growth formula stays the same, districts that lost enrollment will only be able to grow half a percent per year and the result would be turning students away. Should we extend restoration for a longer period? Bonnie suggested changing the language in the CEO proposal that says the current formula has a "dependency on growth" to an "overreliance on growth" because districts/colleges do have growth demand and there still needs to be component tied to growth access. A concern was raised that the enrollment funding portion did not take into account the added cost of operating colleges in rural areas. A suggestion was made to increase the number of enrollment thresholds with a note that Ann-Marie had sent the group a proposal for what this might look like. There was a concern that the CEO proposal says that the current funding formula is based solely on FTE. The CBOs want to include language that says the current formula is based on FTE and basic allocation funding.

CBOs want to add a section on predictability and stability and include within that section the 3-year average. In that section they want to add language saying that districts would

continue to be provided their Basic Allocation, Base Revenue on FTE, and Base Allocation on COLA. There was some debate about a 3-year average or a 2-year average and what happens to summer shift. In the end, it was decided that a couple of the CBOs would stay and meet afterward and draft some language to be included in the draft report regarding restoration and summer shift and the average. Lizette would add that language to the draft that will be sent to Bonnie for review.

- *Phase in:* The proposed 7 year phase in was discussed. Some CBOs liked the 7 year plan and others did not. In the end they decided to leave the phase in but want to change the language on page 3 which calls out that the first year of implementation will not be until 2020-21. They fear that having that date will result in immediate backlash and instead it should just say “on year 1 of implementation.”
- *Categorical Structure:* CBOs discussed whether categoricals should be merged into the new model. In the end, Mr. Curry suggested putting categoricals into the evaluation section with a note that the formula’s impact on categoricals will be analyzed and addressed in the future. Vice Chancellor Osmena said it would be helpful to have a recommendation from the CBOs on how to deal with categoricals including whether or not we want to bring these into the funding formula. Bonnie said the group will address this at the April meeting. Mr. Curry noted that he does not think the CEOs want to include Strong Workforce in any consolidation of categoricals.
- **Metrics that Matter for Equitable Success: Final recommendations of metrics: Give an extra point for BA completion (over Associate’s completion). Give a 50% bump in each category for outcomes of disadvantaged students. The Workgroup on Fiscal Affairs want to revisit the metrics once the simulations are run to look for anomalies.**
 - *Success:* There were a number of questions about the data availability and whether the outcome metrics apply to the prior term or not. Ryan Fuller spoke to data availability and the lag that occurs on some metrics. The CBOs want to change the points for Bachelor’s degree to award more for a BA than an Associate’s, they note that because there are so few BA programs this will likely have a negligible impact on funding levels. There was a discussion of including “course completions” as a success metric as this would pick up the success of some noncredit students. There was a discussion of what to do about noncredit students and Mr. Curry said it should be put in the evaluation section until we can see the simulation data and understand the impact to funding.
 - *Simulations:* There was interest in having a simulation model with weights that could be adjusted so that the campuses could evaluate how funding levels change if the different metrics weights were adjusted. Christian noted that the Chancellor’s office hopes to have the simulations soon. Bonnie noted that people are reaching out to the CBO workgroup regarding the formula because they want to know how to build their budgets for the upcoming year; she thinks communication from the Chancellor’s office would be helpful. They agreed that the memo Christian sent to the BOG would be appropriate to send to the field to update them on the process of the funding formula workgroups.

- *Guided Pathways*: There was mention of including completion of transfer level Math and English in the first year.
- *Volatility*: A few groups have sent feedback to CBOs to stay away from metrics that are volatile. Workforce outcomes could be volatile and could depend on the regional economy. Sometimes earnings are hard to get if there is a downturn in the regional economy. Also, what happens to districts in border-states (Tahoe and grads going over to NV)? There was a suggestion that the regional component should be put in the evaluation section.
- *Part-time*: There was considerable discussion about how the outcome metrics do not work for part-time students who may not intend to complete. Some asserted that there is no incentive to close equity gaps for part-time students in the current CEO formula. The suggestion was given that including a metric for course completions would address this issue. Ryan Fuller noted that we may not be able to provide data on noncredit course completion grades because these are not well reported. This will be noted in the recommendations report as an area to be revisited.
- *Weights*: There was discussion about whether the CEO proposal had the right weights for equity and success. A suggestion was made to add in a concentration factor similar to the LCFF model for districts with a large share of poor students. Chris Ferguson from DOF thought that the current formula accomplishes this by weighting completions for disadvantaged students.

Caveats and Evaluations agreed on by the CBOs:

- Caveats (items to look at next meeting or when we do data simulations) Need to see how they fit into everything.
 - Disadvantaged students metrics need data
 - Volatility around metrics
 - Part-time students
 - Dual enrollment (including special admits such as incarcerated)
 - Aligning to Guided Pathway KPIs—Ryan needs to be able to get all the appropriate data.
- Evaluation (tabled until the future, post implementation):
 - Evaluation of impact by the funding formula, regulations or metrics
 - Equitable piece—older students (25+ or returning?). Course completion—maybe the skill builders capture these?
 - Categoricals—what about strong workforce?
 - Noncredit programs (non-CDCP)?

The Workgroup completed the majority of the recommendations by the end of the meeting. It was recommended by Cambridge West that the workgroup have another meeting before April 13th with the expectation that it will likely take two meetings to complete a funding model. After much discussion, Friday, March 23rd was added as the next meeting. Some additional review or changes to the recommendation report might occur at the March 23rd meeting but the focus will be to review the simulations. The Workgroup suggested to Keith Curry that it would be helpful to have someone from the CEO workgroup attend the March 23rd meeting. The

Chancellor's Office will make modeling the CEO proposal a priority. Bonnie also reported that Ann-Marie has another conflict with the April 20th meeting given her recent district change and asked if that meeting date could be moved back to April 13th. There was consensus to change the April meeting date to April 13th.

4. Review data provided by the CCCCCO as requested by the workgroup

Moved to the March 23 meeting.

5. Review simulations prepared by the CCCCCO as requested by the workgroup

Moved to the March 23 meeting.

6. IEPI indicators workgroup is considering consolidating reported indicators for Pathways, IEPI, Strong Workforce, ACCJC, etc. and it was suggested that the Fiscal Advisory workgroup look at them for the fiscal indicators (Kathy Blackwood).

Remain on the agenda for future consideration.

7. Chancellor's Office update – Vice Chancellor Christian Osmena

No report.

8. Discuss meeting time for next scheduled meeting on April 13, 2018* (Note: changed from April 20th)

Attendees for the March 9, 2018 Meeting:

Workgroup Members in Attendance:

- Christian Osmena – CCC Chancellor's Office
- Lizette Navarette – CCLC
- Bonnie Ann Dowd – San Diego 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
- Jeanette Gordon – Los Angeles CCD
- Peter Hardash – Rancho Santiago CCD
- Tom Burke – Kern CCD
- Doug Roberts – Sonoma County JCD

Guest Members in Attendance:

- Keith Curry – Compton CCD
- Frances Parmelee – CCC Chancellor's Office
- Chris Yatooma – CCC Chancellor's Office
- Ryan Fuller – CCC Chancellor's Office

- Nadia Leal-Carrillo – Foundation for CCC
- Chris Ferguson – Department of Finance
- Miritza Urquiza – Department of Finance
- Michelle Nguyen – Department of Finance

Conference call attendees:

- Darcie Harvey – CCC Chancellor’s Office, consultant
- C.M. Brahmbhatt – CCC Chancellor’s Office, consultant

Workgroup Members not in attendance:

- Teresa Scott – Yosemite CCD
- Ann-Marie Gabel – South Orange County CCD

❖ **Upcoming Meetings:**

- March 23, 2018 9:00 a.m. – 4:00 p.m. Lunch to be provided by CCLC
- 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

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