



Draft Recommendations
Funding Formula Workgroups

March 12, 2018

An Effective Funding Model Will Meet the Following Principles

- Ensure access to quality education statewide
- Support enhanced access and success for underrepresented and economically disadvantaged students
- Reward progress on success and equity metrics
- Support timely completion
- Moderate the effects of the formula on districts during a recession
- Provide sufficient predictability and stability to support college/district operational costs and sound financial planning
- Recognize regional diversity
- Phased-in for a smooth transition

Context

Board of Governors seeks alignment with the aspirational goals in the *Vision for Success*.

- In late January, Chancellor Oakley requested the CEO Board task a small group of CEOs to make recommendations for a new formula.
- He also requested the standing Workgroup on Fiscal Affairs to review the recommendations and share additional considerations.

Summary of Governor's Proposed Formula

Base

Contingent on FTES enrollment comprising 50% of the formula

Supplemental Grant

Based on the number of low-income students districts enroll:

- 1) Enrollment of students who receive a College Promise Grant fee waiver; and
- 2) Enrollment of students receiving a Pell Grant.

Supplemental Grants comprise 25% of total.

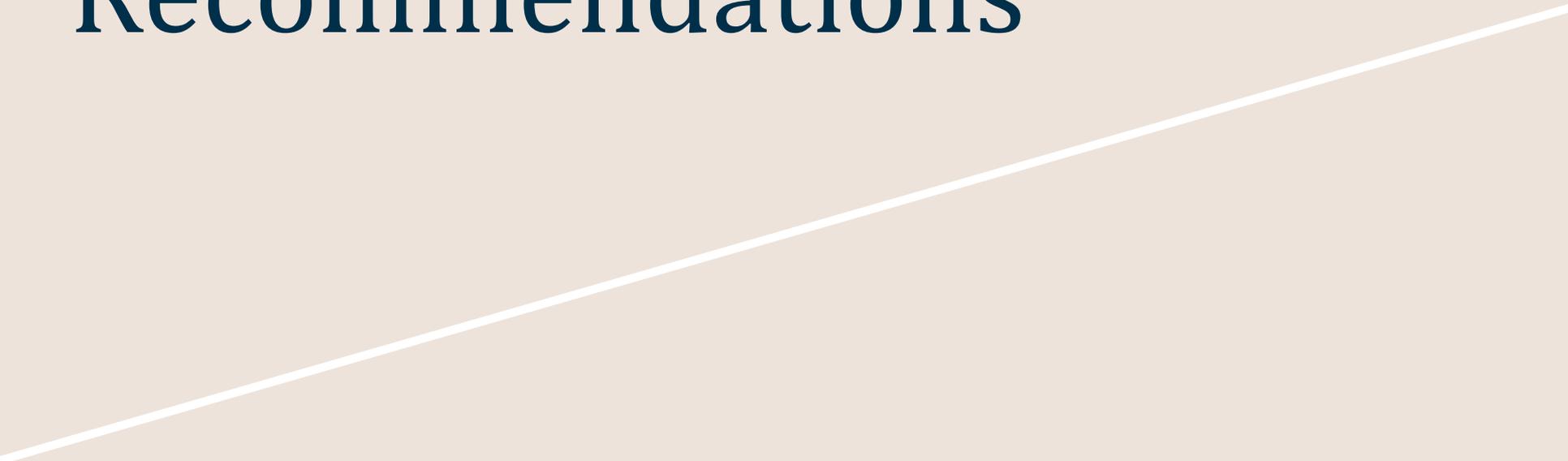
Success Grant

- 1) Number of degrees and certificates granted;
- 2) Number of students that complete a degree/certificate in three years or less;
- 3) Associate Degree for Transfer granted by the college.

Student Success Incentive Grants comprise 25% of total.

Properly structured and adequately funded, a new funding model has the potential to move to a more accountable and stable system, ensuring that students have access to **affordable, high-quality community colleges.**

Recommendations



Data-Informed and Equity Focused

- Establish a process for an annual review and analysis of the funding formula.
- Annual reports to the Board of Governors by March of each year.
- Set a plan in place for an equity focused funding model while enabling necessary adjustments to meet key principles.

Two Focus Areas: Equitable Success & Access

Equitable Success

Achieving equitable outcomes for focus populations means integrating socioeconomic and success metrics.

Framework:

- Considers progress, completion, transfer, employment, and earnings
- Recognizes successful outcomes of economically disadvantaged students within those metrics
- Economically disadvantaged students more accurately defined using Perkins definition

Access

A funding formula that supports access but shifts away from an overreliance on growth.

Framework:

- COLA and the higher of: (1) the current year FTES, or (2) a three-year average based on the total funded FTES of the most recent three years
- FTES from summer courses assigned to the fiscal year in which the final day of instruction was held

25%

Equitable Success

Metrics are based on Strong Workforce Program (SWP) 17% incentive funding research and Guided Pathways key performance indicators (KPIs).

Districts are recognized for the successful outcomes of economically disadvantaged students.

- Measure All Transfers
- Employment and Economic Mobility
- Capture Momentum Points

75%

Access

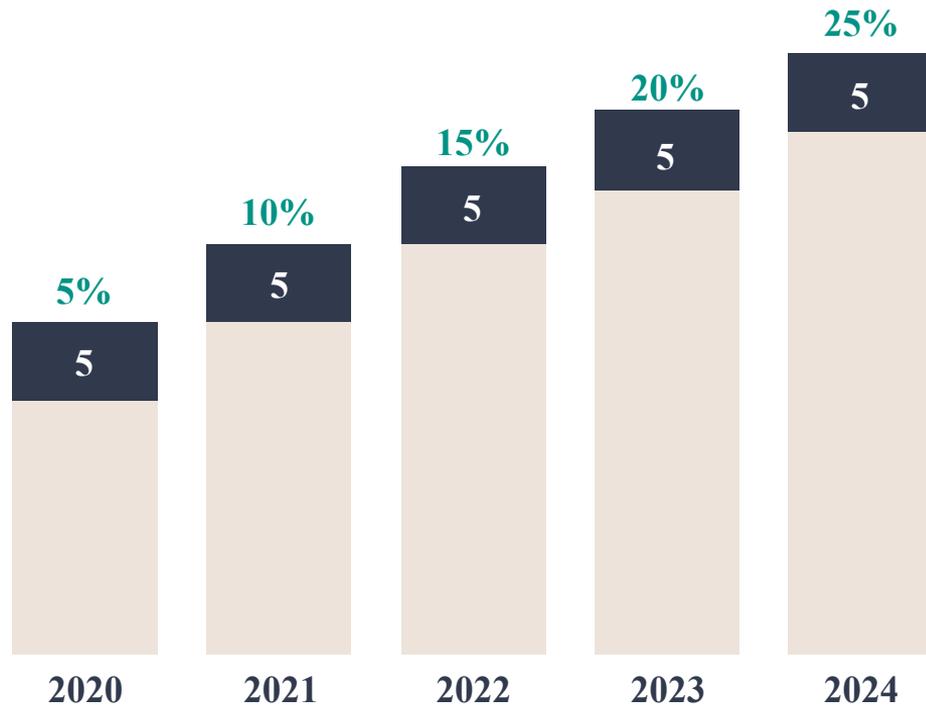
- Continue to provide basic allocation, base FTES revenue and growth adjusted by the annual COLA
- The higher of: (1) the current year FTES, or (2) a three-year average FTES
- A three-year average supports planning for new, and continuation of, highly effective programs

Thoughtful & Phased-In

Implemented in year three as outlined unless the Board of Governors proposes new measures after extensive research and simulations.

Transition:

- Equitable Success metrics would increase by 5% each year until full implementation.
- At full implementation, over \$2 billion would be dedicated to Equitable Success metrics.



Categorical Program Structure

The Student Equity & Success Program

- Workgroups recommend integration of Student Success and Support Services, Basic Skills, and Student Equity
- Create a restricted categorical known as the Student Equity & Success program
- Continued commitment to equity-minded, student-centered services and supports
- Enables alignment of reporting metrics and maximizes services to students

Implementation Timeline

2 Year Program Transition

- No districts would receive less funding than prior fiscal year.
- Districts allotted time to implement Guided Pathways, AB 705

5 Year Equitable Success Formula Phase-In

- Equitable Success metrics would increase by 5% each year until full implementation.
- Access funding based on higher of: (1) the current year FTES, or (2) a three-year FTES average.

Thank you!

For progress on the recommendations, visit:

www.ccleague.org/fundingformula