March 27, 2018

Dear Colleagues,

The CEO Funding Formula Workgroup met via conference call yesterday to review the latest twists and turns in the development of a new funding formula for California's community colleges. At the request of Chancellor Oakley, the CEO Workgroup is working closely with the Chief Business Officers serving on the Workgroup on Fiscal Affairs. Many different groups and constituents are actively involved in this challenging conversation, and we are making every effort to stay in communication with our Academic Senate leadership and other key constituency leaders as the dialog continues.

Only three months have passed since the Governor first presented a dramatically different model to fund our colleges. Earlier, we shared with you the evolving recommendations of the CEO Funding Formula Workgroup as well as a timeline posted on the Funding Formula Workgroup website. As noted in the timeline, Consultation Council on March 15 included a discussion of the draft recommendations and acknowledgement of the significant challenge of developing concrete recommendations in the absence of definitive data on the fiscal impact of recommendations. **The Chancellor's Office anticipates a final report from the CEO Workgroup by mid-April.** We will share the updated report with you in the coming weeks.

It is widely understood but worth again noting that the charge of the CEO Funding Formula Workgroup was not to develop a new funding formula. Rather, the members of the Workgroup have been tasked by Chancellor Oakley with providing recommendations in response to the Governor's January funding formula proposal. The CEO Workgroup has worked diligently to consistently represent the interests of districts both large and small, rural and urban, single and multi-college in the development of draft recommendations.

In earlier communications, we informed you that we anticipated that we would have simulations to share with you to gauge the impact of the preliminary recommendations. When the CEO Workgroup met yesterday, the unanimous conclusion was that the current status of the simulations is too volatile and uncertain without further refinement and simplification that aligns with our identified principles. Modeling will need to accurately reflect the current enrollment states of colleges and mitigate volatility among districts. We have communicated to Chancellor Oakley and his staff that simulations that indicate a huge variance between those with the largest increase in funding and the largest reduction in funding are not viable or practical, and implementation of a formula with those impacts would cause great damage to our system. Chancellor Oakley has acknowledged those concerns.

With this context in mind, the CEO Workgroup has agreed to some broad principles to inform our final report next month. Those principles include:

- Significantly increase base funding before implementation of a new funding formula;

- Provide at least two years of transition funding at a new, higher base level to allow for continued development and improvement of the new funding model before beginning implementation in Year Three;
- Develop fewer, simpler metrics in a new formula with a focus on equity, inclusion and predictable impacts;
- Consolidate SSSP, Student Equity, and BSI categorical programs into a single program at current funding levels;
- Continue a focus on access, including a mechanism to fund growth for districts experiencing growth;
- Include a strong consistency approach to funding, such as a three-year average for base funding and/or a provision for smoothing of significant declines in enrollment;
- Assign Summer FTE to the fiscal year in which instruction was held.

As the weeks fly before the release of the May Revise of the budget and the conclusion of budget negotiations in June, we will continue to keep you informed and welcome your thoughtful feedback and input. Thanks for your passion and commitment in support of the more than 2 million students we serve together.

Brian

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