

AB 1809 2018-19 Budget Trailer Bill June 27, 2018

SEC. 32. Section 84750.4 is added to the Education Code, immediately preceding Section 84750.5, to read:

84750.4. (a) (1) The board of governors, in accordance with this section, and in consultation with institutional representatives of the California Community Colleges and statewide faculty and staff organizations, so as to ensure their participation in the development and review of policy proposals, shall develop criteria and standards for the purpose of making the annual budget request for the California Community Colleges to the Governor and the Legislature, and for the purpose of allocating the state general apportionment revenues.

(2) It is the intent of the Legislature in enacting this section adopt a formula for general purpose apportionments that encourages access for underrepresented students, provides additional funding in recognition of the need to provide additional support for low-income students, rewards colleges' progress on improving student success metrics, and improves overall equity and predictability so that community college districts may more readily plan and implement instruction and programs.

(3) It is the intent of the Legislature to determine the amounts appropriated for purposes of this section through the annual Budget Act. Nothing in this section shall be construed as limiting the authority of either the Governor to propose, or the Legislature to approve, appropriations for the California Community Colleges programs or purposes.

(b) Commencing with the **2018–19 fiscal year**, and each fiscal year thereafter, the chancellor's office shall annually calculate a base allocation, a supplemental allocation, and a student success allocation for each community college district in the state pursuant to this section. This calculation shall only apply to the allocation of credit revenue. Noncredit instruction, and instruction in career development and college preparation full-time equivalent students (FTES) shall be funded pursuant to the requirements of paragraphs (3) and (4), respectively, of subdivision (d) of Section 84750.5, as that section read on January 1, 2018.

(c) For purposes of computing the base allocation, the marginal funding rate for credit revenue per FTES shall be no less than the following:

(1) Three thousand seven hundred twenty-seven dollars (**\$3,727**) for the **2018–19 fiscal year**.

(2) Three thousand three hundred eighty-seven dollars (\$3,387) for the 2019–20 fiscal year adjusted for changes in cost-of-living and other base adjustments.

(3) Three thousand forty-six dollars (\$3,046) for the 2020–21 fiscal year adjusted for changes in cost-of-living and other base adjustment in the prior year and the cost-of-living and other base adjustments for the 2020–21 fiscal year.

(4) Commencing with the 2021–22 fiscal year, the rate specified in paragraph (3) adjusted for changes in cost-of-living and other base adjustments in subsequent annual budget acts.

(d) (1) The base allocation shall be computed for each community college district as follows:

(A) Each community college district shall receive a basic allocation based on the number of colleges and comprehensive centers in the community college district that is consistent with the basic allocation formula established by the board of governors pursuant to paragraph (2) of subdivision (d) of Section 84750.5 as of the 2015–16 fiscal year.

(B) Unless otherwise specified in subparagraph (C), each community college district shall receive an allocation based on credit base revenues associated with funded FTES as computed pursuant to subparagraph (A) of paragraph (2) at the rate pursuant to subdivision (c).

(2) To calculate the base allocation for each community college district, the chancellor's office shall calculate the **three-year rolling average** comprised of funded FTES from the current year, the prior year, and the year prior to the prior year, as follows:

(A) Commencing with the 2018–19 fiscal year, the chancellor's office shall compute the sum of annually funded credit FTES from the current year, the prior year, and the year prior to the prior year, and divide the sum by three.

(B) (i) In computing the three-year average pursuant to subparagraph (A), credit FTES associated with enrollment growth proposed in the annual Budget Act shall be excluded from the three-year average and shall instead be added to the computed three-year rolling average.

(ii) In computing the three-year average pursuant to subparagraph (A), credit FTES generated by students who meet the requirements of subdivision

(a) of Section 84810.5 and special admit students pursuant to Sections 76002, 76003, and 76004 shall be excluded.

(C) The sum of a community college district's computed three-year FTES rolling average and current year funded FTES growth shall be multiplied by a community college district's applicable base allocation funding rate pursuant to subdivision (c), or subparagraph (C) of paragraph (1), as applicable, to compute a community college district's base allocation.

(D) Community college districts shall be entitled to the restoration of any reductions in their base allocation due to decreases in FTES during the three years following the initial year of decrease if there is a subsequent increase in FTES.

(3) In addition to the amounts computed pursuant to paragraphs (1) and (2), each community college district shall receive an allocation based on credit base revenues associated with funded FTES generated by students who meet the requirements of subdivision (a) of Section 84810.5 and special admit students pursuant to Sections 76002, 76003, and 76004. FTES generated by students who meet the requirements of subdivision (a) of Section 84810.5 and special admit students pursuant to Sections 76002, 76003, and 76004 shall be multiplied by a community college district's applicable credit revenue rate computed for the 2017–18 fiscal year pursuant to Section 84750.5, as that section read on January 1, 2018, as adjusted for 2018–19 fiscal year cost-of-living adjustment and other base adjustments, and adjusted for the changes in the cost-of-living and other base adjustments in subsequent annual budget acts.

(4) The chancellor shall allocate any funding appropriated in the Budget Act for enrollment growth to support the following:

(A) First, for the stated percentage of enrollment growth in the Budget Act and consistent with the growth formula used by the board of governors in the 2015–16 fiscal year.

(B) Second, for the amount of uncapped growth attributable to increases in the amount of a community college district's supplemental allocation.

(C) Third, for the amount of uncapped growth attributable to increases in the amount of a community college district's student success allocation.

(e) Commencing with the 2018–19 fiscal year, a supplemental allocation shall be computed for each community college district based on the total points calculated for each community college district in accordance with all of the following:

(1) The marginal funding rate per point for computing a supplemental allocation shall be nine hundred nineteen dollars (\$919) and, commencing with the 2019–20 fiscal year, that rate shall be adjusted for changes in the cost-of-living adjustment and other base adjustments in subsequent annual budget acts.

(2) Each community college district shall be granted one point for each student who is a recipient of financial aid under the Federal Pell Grant program (20 U.S.C. Sec. 1070a) based on headcount data of students in the prior year.

(3) Each district shall be granted one point for each student who is granted an exemption from nonresident tuition pursuant to Section 68130.5, based on headcount data of students in the prior year.

(4) Each district shall be granted one point for each student who receives a fee waiver pursuant to Section 76300, based on headcount data of students in the prior year.

(5) For the purposes of calculating the supplemental allocation, the number of students shall be defined as the number of students served by the community college district.

(6) It is the intent of the Legislature that the annual Budget Act fully fund increases in the supplemental allocations computed under this section.

(f) Commencing with the 2018–19 fiscal year, a student success allocation shall be computed for each community college district based on the total points calculated for each community college district

in accordance with all of the following:

(1) (A) The marginal funding rate per point for computing student success allocation revenue shall be as follows:

- (i) For the 2018–19 fiscal year, four hundred and forty dollars (\$440).
- (ii) For the 2019–20 fiscal year, six hundred sixty dollars (\$660) adjusted for changes in cost-of-living and other base adjustments specified for the 2019–20 fiscal year.
- (iii) For the 2020–21 fiscal year, eight hundred eighty dollars (\$880) adjusted for changes in cost-of-living and other base adjustment in the prior year and the cost-of-living and other base adjustments specified for the 2020–21 fiscal year.
- (iv) Commencing with the 2021–22 fiscal year, the rate specified in clause (iii) adjusted for changes in cost-of-living and other base adjustments specified in subsequent annual budget acts.

(B) Each community college district shall be granted three points for each chancellor's office approved associate degree or approved baccalaureate degree granted, excluding an associate degree for transfer granted pursuant to Article 3 (commencing with Section 66745) of Chapter 9.2 of Part 40 of Division 5, based on prior year data.

(C) Each community college district shall be granted four points for each chancellor's office approved associate degree for transfer degree granted pursuant to Article 3 (commencing with Section 66745) of Chapter 9.2 of Part 40 of Division 5, based on prior year data.

(D) (i) Each community college district shall be granted two points for each chancellor's office approved credit certificate requiring 18 or more units granted, based on prior year data.

(ii) Chancellor's office approved credit certificates requiring 16 or more units granted may be used to compute these points if the chancellor's office adopts regulations authorizing the approval and issuance of certificates requiring 16 or more units.

(E) Each community college district shall be granted two points for each student who successfully completes both transfer-level mathematics and English courses within the student's first academic year of enrollment, based on prior year data.

(F) (i) Each community college district shall be granted one and a half points for each student who successfully transfers to a four-year university, based on prior year data.

(ii) The chancellor's office may reduce a community college district's transfer points if a community college district enters into, or expands, a transfer partnership with a private for-profit college that has not demonstrated a track record of providing its students with a baccalaureate degree that leads to a majority of the private for-profit college's baccalaureate degree program students obtaining a regional living wage within one year of completing their degree program.

(iii) The chancellor's office may reduce a community college district's transfer points if a community college district enters into, or expands, a transfer partnership with a private for-profit college that does not meet the qualifications to offer its students federal financial aid.

(G) Each community college district shall be granted one point for each student who successfully completes nine or more career technical education units, based on prior year data.

(H) Each community college district shall be granted one point for each student who obtains a regional living wage within one year of community college completion, based on prior year data.

(2) (A) Each community college district shall also be granted additional points for an equity component of the student success allocation. The marginal funding per point for the equity component of the student success allocation revenue shall be as follows:

- (i) For the 2018–19 fiscal year, one hundred eleven dollars (\$111).
- (ii) For the 2019–20 fiscal year, one hundred sixty-seven dollars (\$167) adjusted for changes in cost-of-living and other base adjustments specified for the 2019–20 fiscal year.
- (iii) For the 2020–21 fiscal year, two hundred twenty-two dollars (\$222) adjusted for changes in cost-of-living and other base adjustment specified for the prior year and the cost-of-living and other base adjustments specified for the 2020–21 fiscal year.
- (iv) Commencing with the 2021–22 fiscal year, the rate specified in clause (iii) adjusted for changes in cost-of-living and other base adjustments specified in subsequent annual budget acts.

- (B) In computing this allocation, each community college district shall receive points for a student who received a fee waiver pursuant to Section 76300 and generated points for any of the metrics described in paragraph (1), based on prior year data. For each student identified pursuant to this subparagraph, the community college district shall receive the number of points equal to the number of points that the student generated for each of the metrics described in paragraph (1).
- (C) In computing this allocation, each community college district shall receive points for a student who received financial aid under the Federal Pell Grant program (20 U.S.C. Sec. 1070a) and generated points for any of the metrics described in paragraph (1), based on prior year data. For each student identified pursuant to this subparagraph, the community college district shall receive the number of points equal to the following:
- (i) Four and one-half points for each chancellor's office approved associate degree or approved baccalaureate degree granted, excluding an associate degree for transfer granted pursuant to Article 3 (commencing with Section 66745) of Chapter 9.2 of Part 40 of Division 5, based on prior year data.
 - (ii) Six points for each chancellor's office approved associate for transfer degree granted pursuant to Article 3 (commencing with Section 66745) of Chapter 9.2 of Part 40 of Division 5, based on prior year data.
 - (iii) Three points for each chancellor's office approved credit certificate requiring 16 or more units granted, based on prior year data.
 - (iv) Three points for each student who successfully completes transfer-level mathematics and English courses within the student's first academic year of enrollment, based on prior year data.
 - (v) Two and one-quarter points for each student who successfully transfers to a four-year university, based on prior year data.
 - (vi) One and one-half points for each student who successfully completes nine or more career technical education units, based on prior year data.
 - (vii) One and one-half points for each student who obtains a regional living wage within one year of community college completion, based on prior year data.
- (3) It is the intent of the Legislature that the annual Budget Act fully fund increases in the student success allocations computed under this section.
- (g) To establish a hold harmless protection for community college districts pursuant to the funding allocation established in this section, a minimum funding level for all community college districts shall be computed as follows:
- (1) For the 2018–19 and 2019–20 fiscal years, a level of funding to ensure that all community college districts receive at a minimum the total computational revenue the district received in the 2017–18 fiscal year, defined as a district's final entitlement for general purpose apportionment based on FTES and the number of colleges and comprehensive centers the district operates.
 - (2) Commencing with the 2020–21 fiscal year, and each year thereafter, community college districts shall receive the higher of (A) the funding level determined by the formula established in this section, or (B) the level of funding determined by multiplying the community college district's new FTES by the associated credit, noncredit, and career development and college preparation rate received by the district in the 2017–18 fiscal year. The level of funding shall be adjusted to include a basic allocation based on the number of colleges and comprehensive centers in the district consistent with the basic allocation rates used in the 2017–18 fiscal year.