

# ***The* COMMUNITY COLLEGE UPDATE**

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## **State Budget Trailer Bill Language Released**

After the constitutional deadline to release the Governor's State Budget proposal, the next major step in the process is the release of the State Budget trailer bill language. This language provides the details of the proposals laid out by Governor Jerry Brown on January 10, 2018. The release of these details allows the field and policymakers a more in-depth look at Governor Brown's plans for the California Community Colleges.

For the past several years, the Department of Finance has made this language available online, and it can be accessed [here](#) by opening the "Education" tab.

Three significant proposals are made for the California Community Colleges: the Community College Student-Focused Apportionments Formula, the California Online Community College, and Aligning California Community College Financial Aid. Additionally, Governor Brown has proposed to bring K-12 career technical education under the umbrella of the California Community College Strong Workforce Program. Over the next few weeks we will provide initial summaries of the most-significant trailer bill language.

### **Student-Focused Apportionments Formula**

The intent is to propose a [Student-Focused Apportionments Formula](#) 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 districts may more readily plan and implement instruction and programs."

The formula is comprised of a base grant, supplemental grant, and a Student Success Incentive Grant (SSIG).

#### The base grant would be calculated as follows:

1. A basic allocation for the number of colleges and comprehensive centers in the district using the 2015-16 funding formula
2. \$5,320 per credit full-time equivalent student (FTES) and career development and college preparation (CDCP) noncredit FTES; the per-FTES amount is to be increased by the cost-of-living adjustment (COLA) for 2018-19 and in future-year State Budgets
3. \$3,323 per other noncredit FTES, also increased by the COLA each year
4. The amounts for #2 and #3 above are multiplied by 45.2%, excluding the amounts for FTES generated by correctional facility inmates or special admit students

Changes in FTES each year would be funded at the marginal rates calculated above, and there would still be a one-year delay before reducing revenues related to declining enrollment. Also, the provision to restore FTES within three years would still be in place.

The Board of Governors (BOG) would be charged with monitoring and assessing whether the existing growth formula is appropriately addressing differences of geographic locations across the community college districts.

It should be noted that the proposed language includes a requirement starting in 2018-19 for each district to declare to which fiscal year its summer term FTES applies, and thereafter it could not be changed. This is a significant reduction in the flexibility that community colleges currently have in managing their finances.

The supplemental grant would include:

1. 25.07% of the per-FTES credit rate above multiplied by the number of students receiving a College Promise Grant (formerly the BOG fee waiver) in the prior year
2. 40% of the per-FTES credit rate by the number of students receiving Pell Grants in the prior year

SSIG would be calculated as follows:

1. 104% of the per-FTES credit rate times the number of Chancellor's Office-approved degrees, certificates, and awards granted by the district in the prior year
2. 120.2% of the per-FTES credit rate times the number of students who complete a degree certificate, or transfer in three years or less in the prior year, as defined for purposes of computing the Completion Rate/Student Progress and Attainment Rate applicable to the student success scorecard
3. 18.35% of the per-FTES credit rate times the number of Associate Degree for Transfer degrees granted by the district

The supplemental grant and SSIG funds would fluctuate each year as the number of qualifying students fluctuates; however, just as with the base grant, any reductions in funding would be delayed to the year after the decline in students.

In order to receive supplemental and SSIG funds, a district shall align its master plan with the goals included in the strategic vision plan adopted by the BOG in 2017, including benchmarks and actions for measuring progress towards meeting the systemwide goals, and align its budget with the revised master plans by a date determined by the Chancellor's Office.

A hold harmless provision is included in the proposal, which would, for the 2018-19 fiscal year, provide a level of funding at least at the total computational revenue the district received in 2017-18, defined as a district's final entitlement for general purpose apportionment based on FTES and the number of colleges and centers the district operates.

The hold harmless provision, beginning in 2019-20, would provide a level of funding determined by multiplying the district's new FTES by the associated credit, noncredit, and CDCP rates 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 community college district consistent with the basic allocation rates used in the 2017-18 fiscal year.

*—Michelle McKay Underwood, Kyle Hyland, and Sheila G. Vickers*