



# STUDENT-CENTERED FUNDING FORMULA TASKFORCE

Comments by Bill Scroggins  
April 5, 2019

## PRELIMINARY RECOMMENDATIONS

### **Taskforce Mission and Purpose:**

Following the enactment of the Student-Centered Funding Formula (SCFF) in 2018, the Chief Executive Officers of California Community Colleges, a policy board of the Community College League of California (League), formed the SCFF Taskforce. A primary goal of the Taskforce is to engage CEOs, Trustees, and key stakeholders to provide a forum for feedback, ideas, and thoughtful deliberation concerning the SCFF. The Taskforce is comprised of CEO's representing each area of the state; at-large members reflecting the diversity of districts, and trustees serving as proxies for the statewide trustee board. Student success, service to community, institutional capacity, fiscal sustainability, and equity and inclusion are essential principles in Taskforce deliberations and recommendations.

### **Summary of Preliminary Recommendations:**

Members of the Taskforce recognize and agree that the California Community College funding formula under SB 361 was not effectively supporting colleges or the students they serve. Considered and data-informed change was necessary. The Student-Centered Funding Formula contains some elements and incentives that may strengthen colleges, including a three-year

average to calculate growth, and an intent to mitigate the effects of poverty by focusing on low-income Californians. As the system prepares to fully implement the SCFF, the Administration, Department of Finance, and key stakeholders have identified functional issues that must be resolved. The Taskforce has identified the following preliminary propositions concerning the Student-Centered Funding Formula: **Clarify meaning of “base.” In SCFF, “base” means the first segment of funding, currently 70%. In prior years, “base” meant additional allocation for our unrestricted general fund.**

- Sufficiently increase **base** resources for California Community Colleges to build institutional capacity and to implement Guided Pathways and **related initiatives for increased support for low-income students** and to improve student outcomes.
- Extend hold-harmless provisions to fiscal year 2021-22 to determine and mitigate data integrity concerns, to ensure data efficacy in advancing student equity, inclusion, and success, and to increase trust in local data elements critical to the success of the formula. **Also need time to study unintended consequences and study regional bias in the formula.**
- Provide colleges only the highest award achieved by the same student in a given fiscal year as a means of prioritizing per-student success (as opposed to incentivizing award maximization), and redirect savings to the **base** allocation.
- Level the point system for associate degree awards so that all educational goals and achievements **of comparable unit values** are counted equally. **The word “comparable” is vague. Is a certificate of 16 units comparable to one of 32 units? Well, no—but what then? Suggested language. “...so that all associate degrees, state approved certificates, and transfers to four-year accredited universities have the same point value.”**
- Keep the Student Success Grant portion of the funding formula set at 10% of the total allocation to maintain incentives while ensuring funding stability. **The issue here with the most traction is wide year-to-year fluctuations in awards—mention that here.**
- Ensure program**S** supporting special-admit students, incarcerated individuals, **CDCP noncredit students**, and instructional service agreements receive full FTES funding.
- Count outcomes in as many districts as necessary as long as the student took 12 or more units in the district in the year prior to transfer **or award of degree or certificate.**
- Utilize a two-year average of prior year and prior-prior year in the Supplement and Success grant portions of formula.

- **Define Pell Grant points on eligibility rather than award status.**
- Simplify the calculation of the three-year average.
- Remove non-resident counts from the supplemental and success portion of the formula.
- Establish **and fund** an intentional strategy that blends technical assistance to colleges and local professional development support throughout the implementation of the formula.
- Increase the predictability of the funding formula to reduce volatility and potential harm to student academic services and supports.
- Limit year-to-year revenue reductions to districts by a specific percentage following sufficient analyses and simulations.

### **Improving the Student-Centered Funding Formula to Meet its Objectives:**

The California Community College system is the largest public system of higher education in the nation - serving 2.1 million students - with a Vision for Success that includes reducing equity gaps, strengthening the state's economy, and providing quality educational access and opportunity. An historic and far-reaching change to the funding formula involving billions of dollars of state resources warrants a comprehensive, data-informed analysis and review to enhance the system's open-access mission and institutional excellence. Such analysis and review are especially important in a large state that serves California's most underserved and vulnerable populations. This document outlines a set of modifications and improvements key to structuring the SCFF to meet its purpose of supporting the success of all students.

### **RECOMMENDATIONS:**

- **Sufficiently increase base resources for California Community Colleges to build institutional capacity and to implement Guided Pathways and related initiatives for increased support for low-income students and to improve student outcomes.**
- **Extend hold-harmless provisions to fiscal year 2021-22 to determine and mitigate data integrity concerns, to ensure data efficacy in advancing student equity, inclusion, and success, and to increase trust in local data elements critical to the success of the formula.**

Properly structured and adequately funded, the Student-Centered Funding Formula has the potential to move to a more accountable and stable system, ensuring that students have access to affordable, high-quality community colleges. Building capacity for access, equity, and success for all should be a priority; a priority which can only be accomplished through a meaningful infusion of base funding prior to full implementation of SCFF. California Community Colleges serve as an open door to a better life for generations of low-income and working- class families, furnish the workforce for critical sectors of our economy, strengthen the civic capacity of our citizenry, and advance equity for historically underserved populations. An essential component of a new funding formula is a commitment to build the institutional capacity of the 73 districts as a necessary condition of student success.

---

***Recommendation:***

***Significantly increase base resources for California Community Colleges to build institutional capacity for increased support for low-income students and to improve student outcomes.***

---

Over the last decade, pension liabilities, healthcare, and technological infrastructure costs have nearly tripled. Our colleges remain committed to improving their educational quality and student services, yet these rising costs hinder their ability to even maintain current levels of service. The Columbia University Community College Research Center's findings on funding formulas nationwide demonstrate that a failure to enhance institutional capacity has been one of the greatest detriments to successful outcome-based funding formula implementation.<sup>1</sup> California has the opportunity-as the nation's largest system of higher education-and responsibility, to heed the data and experiences of our national

---

<sup>1</sup> Dougherty, K., et al., Performance Funding for Higher Education (Baltimore, MD., Johns Hopkins University Press, 2016). 156-158.

colleagues. Data-informed organizational redesign, sustainable institutional quality, and enhanced student services for improved outcomes require sufficient time and resources in the form of an appreciable increase in base funding.

Specifically, the Taskforce recommends funding colleges for the cost to transition to the formula before full implementation; a practice consistent with the implementation of the Local Control Funding Formula (LCFF) for K-12 which focused on building capacity first through an infusion of \$18 billion over seven years prior to full implementation of LCFF. For California Community Colleges, the Taskforce recommends securing the 2018-19 Total Computational Revenue plus 2019-20 COLA as the new base for all districts. The SCFF would support success by funding an incremental change from year to year. A fundamental principle of the Taskforce is that upon implementation, no district shall be cut or diminished so that we protect access and service to low-income student populations in every region of the state.

## **RECOMMENDATIONS:**

- **Provide colleges only the highest award achieved by the same student in a given fiscal year as a means of prioritizing per-student success (as opposed to incentivizing award maximization), and redirect savings to the base allocation.**
- **Level the point system for associate degree awards so that all educational goals and achievements of comparable unit values are counted equally.**
- **Keep the Student Success Grant portion of the funding formula set at 10% of the total allocation to maintain incentives while ensuring funding stability.**

Consistent with the Academic Senate for California Community Colleges (ASCCC), the Taskforce recommends three modest modifications to the SCFF that protect the integrity of local processes, simplify practices, and mitigate revenue instability. These modifications include equalizing the points for all associate degree awards, limiting the number of awards counted to the highest award per year per student, and maintaining the Success Grant metrics to 10% of the overall allocation (currently proposed by the Administration for fiscal year 2019-20 only). These recommendations maintain the fiscal solvency of SCFF and help mitigate concerns around the availability of sufficient Proposition 98 resources to fund the increasing success outcomes of community colleges. The Taskforce further agrees with

ASCCC that these necessary changes will allow the California Community College System to implement the formula in ways that place student success, not the counting of awards, at the forefront of all decisions.

#### **RECOMMENDATIONS:**

- **Ensure programs supporting special-admit students, incarcerated individuals, and instructional service agreements receive full FTES funding.**
- **Count outcomes in all districts where students took 12 or more units in the district in the year prior to transfer.**
- **Employ a two-year average of prior year and prior-prior year in the Supplement and Success grant portions of formula.**
- **Simplify the calculation of the three-year average.**
- **Remove non-resident counts from the supplemental and success portion of the formula.**

The Taskforce identified a subset of five recommendations that improve the functional operation of SCFF while protecting key programs valuable to the California workforce. Fundamental to the career education mission of California Community Colleges is instruction by districts under instructional service agreements with public safety agencies, educational opportunities for incarcerated individuals, and academic programs for special-admit students by funding these essential functions at the full credit rate.

California Community Colleges play a pivotal role for the transfer pathways to the California State University (CSU), University of California (UC) and private not-for-profit institutions. Transfer preparation is inherent to the mission of all California community colleges. Transfer pathways are accessible and available to all students to build and design course structures that meet their degree needs, geographic location, or time demands. As such, the contributions of each college in supporting students in meeting their transfer goals should be acknowledged and funded. The Taskforce recommends counting outcomes in as many districts as necessary as long as the student took sufficient units in the district in the

year prior to transfer. We maintain that points be assigned to all transfers to any accredited baccalaureate degree-granting college or university.

In the initial months of implementation of SCFF, there have been definitional inconsistencies and ambiguity. To reduce volatility, the Taskforce recommends using a two-year average of prior year and prior-prior year in the Supplement grant, and a three-year average rather than a single-year calculation to determine FTES enrollment. Consistent with last year's recommendations, the Taskforce recommends a simplified calculation of a three-year average for enrollment. By using averages for measures in the Base, Supplement and Success grants, the formula recognizes that volatile economic conditions lie outside the sphere of influence of our colleges and our student bodies.

#### **RECOMMENDATIONS:**

- **Establish an intentional strategy that blends technical assistance to colleges and local professional development support throughout the implementation of the formula.**
- **Increase the predictability of the funding formula to reduce volatility and potential harm to student academic services and supports.**
- **Limit year-to-year revenue reductions to districts by a specific percentage following sufficient analyses and simulations.**

Beyond the required resources for districts and colleges to build and maintain sufficient institutional capacity, technical assistance and professional development are profitable investments to ensure students are receiving the necessary supports and data-informed practices aligned with the *Vision for Success*. Uncertainty and volatility are inevitable externalities for college and district planning and budgeting, however State and System policies and funding formulas should recognize and seek to mitigate these factors to support student and institutional success. At a minimum, the Taskforce affirms the need for more simulations and analyses to understand the impacts of economic downturns, and reductions in Proposition 98 resources. Similarly, the creation of a *Data Dictionary* or similar reference document with consistent definitions and information would benefit districts and colleges in adapting to a new funding formula. These efforts require sufficient time and effort and

therefore reinforce the necessity of extending the hold harmless transition to the new formula.

Equally important is the establishment of safeguards preventing a significant year-over-year reduction in resources. Simulations and analysis of a new formula must necessarily identify a floor or limitation on revenue losses year-over-year. A substantial or massive revenue reduction in one year will jeopardize a confederation of districts whose funding still has not reached pre-Great Recession levels adjusted for inflation. To protect access to quality public postsecondary education statewide, there must be consideration of a stop-loss limit within the formula.

### **Closing Considerations:**

The state's rapidly changing economic and demographic reality demands an honest reflection around the opportunities and barriers we are creating for the 2.1 million students California Community Colleges serve. As a system, we have a civic, economic, and social responsibility to implement a funding formula that allows colleges to adequately and equitably serve all Californians enrolled at our campuses. California's community colleges remain the state's most effective bridge to the middle class, and our best strategy for mitigating the effects of poverty and to support economic growth by building human capital in the regions in the state that are still suffering the effects of the Great Recession of a decade ago. Members of the Taskforce respectfully submit these recommendations in recognition of this important responsibility and in an effort to improve a funding formula intended to eliminate the achievement gaps of our "two Californias".