CALIFORNIA COMMUNITY COLLEGES

REVISED GROWTH FUNDING MODEL

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EXPIRED GROWTH REGULATION

- The California Community Colleges Growth Regulation has been expired since 2008-09.
- Between 2008-09 and 2011-12, the community colleges suffered budget cuts forcing them to drastically reduce course offerings.
- Growth funding received in the last few years has been used to repay the FTES “workload reductions” that occurred because of the state budget cuts.
- New Growth Regulation will replace current workload restoration process as of 2015-16.

LEGISLATIVE INTEREST IN ADDRESSING CCC GROWTH MODEL

- As the state's fiscal outlook improved, the legislature and state administration began a renewed focus on how the system should grow as new funding is available for the community college system.
- Interest in reshaping the system using a funding allocation model different from prior growth models with a focus on "unmet need" throughout the state.
- Primary focus is on how funding is allocated among the districts (i.e., resizing) rather than how districts and the system could grow over time based upon demand.

SB 860 EDUCATION TRAILER BILL – EC 84750.5

SB860 directed the Chancellor’s Office to develop a revised growth formula and specified primary factors that must be included in the formula:

- The number of people within a district’s boundaries who do not have a college degree.
- The number of people who are unemployed, have limited English skills, who are in poverty, or who exhibit other signs of being disadvantaged, as determined by the Chancellor, within a community college district’s boundaries.

INITIAL GROWTH MODEL CREATED

Over the last year, the Advisory Workgroup on Fiscal Affairs and the Chancellor's Office worked with legislative staff, the Department of Finance, and the Legislative Analyst's Office to create a growth formula that meets the requirements of the statute while also working to address the system's actual demand for access.

The initial formula was presented during the ACBO fall conference and at the November Consultation Council meeting.

MODIFICATIONS TO THE INITIAL GROWTH MODEL NEEDED

There were many concerns from the field that the initial formula developed in response to the statute did not reflect the reality of enrollment trends across the state.

Over the last few months, the Chancellor's Office worked with the Workgroup on Fiscal Affairs, legislative staff and the Department of Finance to negotiate modifications to the initial formula that mitigated the problems as best we could at this point in time.

This formula replaces the version that was presented during the ACBO fall conference and at the November Consultation Council meeting.

REVISED GROWTH MODEL NEED FACTORS

Three factors are used to determine district's need for access as a portion of the state total.

- Educational Attainment: District's percentage (as a portion of the statewide total) of individuals 25 years of age or older who do not have a bachelor's degree: percentage of adults with "some college" or less living within district boundaries. (Source: ESRI)
- Unemployment: District's percentage (as a portion of the state total) of unemployed individuals 16 years of age or older: percentage of unemployed adults living within district boundaries. (Source: ESRI)
- Households Below the Poverty Line: District's percentage (as a portion of the state total) of households below the poverty line (≈$25,000 annual income). (Source: ESRI)

REVISED GROWTH MODEL METHODOLOGY

1. Calculate districts "need for access" which represents the portion of the state the district should be serving based on need.

2. Compare districts need for access (calculated above) to their current access (the portion of the state they are currently serving). Identify districts that have a greater need for access than what they are currently serving.

3. Initial allocation- The model allocates 49.9% of the growth funding based on access (equal percentage for all districts) and 50.1% based on need (only those districts that have a need that is greater than their current access qualify for a portion of these funds). These two amounts are summed to determine the total amount of growth funding each district would qualify for.

REVISED GROWTH MODEL METHODOLOGY CONT.

4. Adjustment- The last part of the model adjusts each district's growth funding allocation (calculated in step 3) up or down based on whether or not they actually grew in the previous two fiscal years. The result is the total amount of growth funding for which a district is eligible in the upcoming year.

Under the revised model, districts are still eligible for a minimum growth rate of 1%.

There will continue to be a year-end settle up to reallocate funding from those districts that are not able to grow to districts that grow beyond their initial allocation.

TIMING

When can districts expect to receive their estimated growth allocations for the upcoming fiscal year?

The Chancellor's Office will provide an initial simulation after P1 using recal for the prior year, which districts can use to plan their course schedules for the upcoming year. At the Chancellor's Office Budget Workshop, districts will receive a revised growth rate which will be based on P2 data. These numbers are subject to change depending on the amount of funding provided for growth in the final budget.

DISTRICT PERSPECTIVE

- San Diego CCD
- Long Beach CCD

Questions?

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$266.7 million

Base Increase

NEED FOR DISCRETIONARY FUNDING

- Over the last year, the Chancellor's office made it a priority to advocate for an increase in discretionary funding for the colleges. The 2015-16 May Revise proposal recognized the great need that exists by including an increase of $266.7 million in discretionary funding to address increases in operating costs.
- This increase is intended to ease the constrained discretionary funding environment colleges have experienced since the economic downturn when no COLAs were provided for consecutive years.
- These funds would also help colleges address the scheduled increases in STRS and PERS contribution rates, which will cost the colleges over $400 million annually when fully implemented in 2020-21.

INCREASE FOR RURAL DISTRICTS

- Increasing funding for rural districts is a big priority for Chancellor Harris since small/rural districts do not benefit as much from economies of scale as the medium and large districts.
- The Chancellor expressed support for an allocation model that would double the rural add-on, and use remaining funding to increase basic allocations and FTES rates for all districts. This methodology was presented at Consultation Council and at the NorCal CEO and SoCal CEO meetings and all were generally in support of providing an extra bump for the rural districts.

METHODOLOGY FOR ALLOCATING THE $266.7M

The $266.7M will provide an extra increase for rural districts by doubling the rural add-on (approximately $6 million). The remaining dollars will be allocated by increasing basic allocations and FTES rates by the same percentage (roughly 4.65%) for all districts.

In the future, the Workgroup on Fiscal Affairs will take another look at the rates for small, medium and large districts to ensure this funding methodology is not creating new inequities in the system.

Questions?

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