Governor's Proposed Funding Formula Framework

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- 50% Base Grants

- 25% Supplemental Grants

- 25% Student Success Initiative Grants

- Hold Harmless

50% Base Grants
FTES Calculation

- The higher 2017-18 rate will be used to determine district base grant

- In 2018-19 FY, districts must decide which year (2018-19 or 2019-20) to apply summer FTES

- Summer shift of FTES ends after 2018-19

- Decreases in FTES result in revenue reductions the year after the initial year of enrollment decline

- Up to three years of restoration

50% Base Grants
Growth

- Percentage allocated in annual budget

- Growth formula approved in 2015-16

- Growth attributable to supplemental grants

- Growth attributable to student success incentive grants

25% Supplemental Grants

- Supplemental grant equal to <u>25.07%</u> of credit rate multiplied by number of California College Promise Grants (formerly BOG Fee Waiver) recipients

- Supplemental grant equal to <u>40%</u> of credit rate multiplied by Pell Grant recipient cohort data

<u>Other:</u>
- Number of students is defined by number of students served by district

- Utilizes prior year data

- Decreases in the number of BOG or Pell result in revenue reductions the year after the initial year of decline

25% Student Success Initiative Grants

- Grant equal to <u>104%</u> of credit rate multiplied by number of Chancellor's Office approved degrees, certificates, and awards granted by the district

- Grant equal to <u>120.2%</u> of credit rate multiplied by number of students who complete a degree, certificate, or transfer in 3 years or less based on Scorecard cohort data

- Grant equal to <u>18.35%</u> of credit rate multiplied by number of ADT degrees granted by the district

Hold Harmless

1. Minimum 2018-19 = 2017-18 FY

2. Beginning in 2019-20 and each year thereafter, funding level determined by multiplying district's new FTES by the associated FTES rates received in 2017-18

The new funding formula holds per-student funding rates harmless at 2017-18 levels. This level becomes the basis for 2019-20 funding and beyond.

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- The proposed funding formula affects Cerritos College through a loss of nearly **$1 million** in its first year

- **Hold Harmless Provision:** Districts will be held harmless in the first year of implementation, meaning, they will continue to be funded based on 2016-17 levels for one year, but without COLA. **As it stands, Cerritos College will not be eligible for COLA.**

- **Summer Shift to be eliminated:** Under the current proposal, summer shift will no longer to available for fiscal year 2018-19.

CEO Working Groups Alternative Funding Model

7 Year
Sequential Implementation

2 Year
Program Transition
(including Guided Pathways)
implementation)

5 Year
Equitable Success
Funding Phase-In

Timeline

Year 1: 2018-19	**Hold Harmless to 17-18 with COLA** • One-time funds to recognize district performance under Equitable Success metrics
Year 2: 2019-20	**Hold Harmless to 18-19 with COLA** • One-time funds to recognize district performance under Equitable Success metrics • Summer FTE assigned to the fiscal year in which the final day of instruction was held. • Report on analysis of funding formula metrics due to the Board of Governors.

Implementation of Equitable Success Metrics

Year	Access Metrics	Equitable Success Metrics	Estimated Equitable Success Dollar Amount
Year 3: 2020-21	**Access: 95%** 3-year average	**Equitable Success: 5%** 3-year average	$419 Million
Year 4: 2021-22	**Access: 90%** 3-year average	**Equitable Success: 10%** 3-year average	$838 Million
Year 5: 2022-23	**Access: 85%** 3-year average	**Equitable Success: 15%** 3-year average	$1.3 Billion
Year 6: 2023-24	**Access: 80%** 3-year average	**Equitable Success: 20%** 3-year average	$1.7 Billion
Year 7: 2024-25	**Access: 75%** 3-year average	**Equitable Success: 25%** 3-year average	$2.1 Billion
Full Implementation	**75%** 3-year average	**25%** 3-year average	