Governor’s Proposed Funding Formula Framework

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Cerritos College
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Governor’s Proposed Funding Formula Framework

- 50% Base Grants
- 25% Supplemental Grants
- 25% Student Success Initiative Grants
- Hold Harmless
• 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 25.07% of credit rate multiplied by number of California College Promise Grants (formerly BOG Fee Waiver) recipients

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

Other:
- 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 **104%** of credit rate multiplied by number of Chancellor’s Office approved degrees, certificates, and awards granted by the district

• Grant equal to **120.2%** 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 **18.35%** 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.
New Funding Structure for 2018-19
Unintended Consequences of the New Formula

• 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Access Metrics</th>
<th>Equitable Success Metrics</th>
<th>Estimated Equitable Success Dollar Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year 1: 2018-19</strong></td>
<td>Hold Harmless to 17-18 with COLA</td>
<td>One-time funds to recognize district performance under Equitable Success metrics</td>
<td></td>
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<tr>
<td><strong>Year 2: 2019-20</strong></td>
<td>Hold Harmless to 18-19 with COLA</td>
<td>One-time funds to recognize district performance under Equitable Success metrics</td>
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<td>Summer FTE assigned to the fiscal year in which the final day of instruction was held.</td>
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<td>Report on analysis of funding formula metrics due to the Board of Governors.</td>
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<tr>
<td><strong>Implementation of Equitable Success Metrics</strong></td>
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<td></td>
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<tr>
<td><strong>Year 3: 2020-21</strong></td>
<td>Access: 95% 3-year average</td>
<td>Equitable Success: 5% 3-year average</td>
<td>$419 Million</td>
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<tr>
<td><strong>Year 4: 2021-22</strong></td>
<td>Access: 90% 3-year average</td>
<td>Equitable Success: 10% 3-year average</td>
<td>$838 Million</td>
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<tr>
<td><strong>Year 5: 2022-23</strong></td>
<td>Access: 85% 3-year average</td>
<td>Equitable Success: 15% 3-year average</td>
<td>$1.3 Billion</td>
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<td><strong>Year 6: 2023-24</strong></td>
<td>Access: 80% 3-year average</td>
<td>Equitable Success: 20% 3-year average</td>
<td>$1.7 Billion</td>
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<td><strong>Year 7: 2024-25</strong></td>
<td>Access: 75% 3-year average</td>
<td>Equitable Success: 25% 3-year average</td>
<td>$2.1 Billion</td>
</tr>
<tr>
<td><strong>Full Implementation</strong></td>
<td>75% 3-year average</td>
<td>25% 3-year average</td>
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