

Dr. Jose Fierro
President's Message
May 11, 2018

Dear Colleagues,

Below you will find an important update on the proposed funding formula beginning in the 2018-19 fiscal year.

In [my last budget update](#), I emphasized that the proposed funding formula in the Governor's January budget threatened the long-term stability of our college if implemented as proposed. I am appreciative of everyone who took the time to contact legislators regarding the unintended consequences of January's proposed funding formula, which disproportionately weighed metrics that districts cannot control, applied COLA year-to-year only if a college is not in a "Hold Harmless" status, and did not factor non-credit students.

Earlier today, Governor Brown [released his May Revision](#) and in doing so, proposed several important adjustments to the funding formula framework. A few highlights are below:

- The Governor's Budget highlights the challenges of an enrollment-only formula, emphasizing that it fails to capture the comprehensive mission of community colleges and runs counter-cyclical to the economy. The need for a modification to the funding formula is exacerbated by the fact that of the 72 community college districts, 32 are in stability and 18 have not fully restored - indicating that many districts are expecting significant budget cuts in 2018-19 due to declining enrollments.
- The Governor's May Revision Funding Formula includes key concepts and recommendations of the CEO Funding Formula Workgroup, including:
 - a two-year hold harmless with COLA
 - a significant increase to base funding
 - calculation of enrollment based on a three-year average
 - resources for the success of economically disadvantaged students, and
 - recognition of transfer to any accredited four-year institution.
- The proposal includes an increase to the cost-of-living adjustment, increasing from 2.51% in January to 2.71%.
- The May Revision Funding Formula excludes noncredit and CDCP courses from the new funding formula and funds these programs at existing rates.
- Consistent with the CEO Funding Formula Workgroup Recommendations, the Governor proposes the consolidation of the Student Success and Support Program (SSSP), the Student Success for Basic Skills Program, and the Student Equity Program, with a clear focus on equity and a thoughtful integration of deliverables and reporting requirements.

The table below is a side-by-side comparison of both versions of the proposed funding formula:

Governor's January Budget	Governor's May Revision
<p>Base Grants (50%) - District base grants based on FTES enrollment.</p>	<p>Base Grants (60% of formula) — District base grant calculated through FTES enrollment.</p> <ul style="list-style-type: none"> • Measures FTES enrollment based on a three-year average. • Consistently counts summer session enrollments in the fiscal year that follows the summer term. • Provides a rural allocation consistent with the current formula.
<p>Supplemental Grant (25%) - Supplemental grants based on the number of low-income students that the district enrolls reflecting two factors:</p> <ol style="list-style-type: none"> 1. enrollment of students who receive a College Promise Grant fee waiver (formerly known as the BOG Waiver), and 2. enrollment of students that receive a Pell Grant. 	<p>Supplemental Grant (20% of formula) — Supplemental grants based on the number of low-income students that the district enrolls. Measures Three Factors:</p> <ol style="list-style-type: none"> 1. Pell Grant headcount enrollment 2. Headcount enrollment of students 25 years and older who receive a College Promise Grant fee waiver (formerly known as the BOG Fee Waiver) 3. AB 540 students per the California Dream Grant application
<p>Student Success Incentive Grant (25%) - Additional funding based on:</p> <ol style="list-style-type: none"> 1. the number of degrees and certificates granted 2. the number of students who complete a degree or certificate in 3 years or less, and 3. the number of Associate Degrees for Transfer granted by the college. 	<p>Student Success Incentive Grant (20% of formula) — Funding for student outcomes with additional funding for outcomes of low-income students:</p> <ul style="list-style-type: none"> • Progression <ul style="list-style-type: none"> ○ Completion of transfer-level mathematics and transfer-level English within the first year of enrollment. • Outcomes <ul style="list-style-type: none"> ○ Completion of an associate degree or California community colleges baccalaureate degree. ○ Transfer to any accredited 4-year institution ○ Completion of an ADT ○ Credit certificates 18 units or greater ○ Completion of 9 career technical education (CTE) units • Wages <ul style="list-style-type: none"> ○ Attainment of a regional living wage after one year of completion.

Governor's January Budget	Governor's May Revision
	<ul style="list-style-type: none"> ○ Provides districts with additional resources based on the number of Pell Grant students meeting any of the above outcomes.
<p>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, <u>but without COLA. As it stands, Cerritos College will not be eligible for COLA.</u></p>	<p>Hold Harmless Provision - Establishes a two-year hold harmless approach</p> <ul style="list-style-type: none"> • Districts would be held harmless to 2017-18 levels with COLA for two-years. • Formula metrics would be implemented in year three or fiscal year 2020-21.
	<p>Noncredit & CDCP — Excludes noncredit and CDCP courses from the new funding formula and funds these programs at existing rates.</p>
	<p>Technical Assistance — Authorizes the Chancellor to direct a district to use up to 1 percent of a district's apportionment for assistance.</p>

In the final weeks of discussion, we will continue to emphasize the importance of providing two years of funding at a new, higher base level with COLA while the formula metrics are analyzed and refined to ensure their efficacy in advancing student access, equity, and success.

Best,
 Jose Fierro, D.V.M., Ph.D.
 President/Superintendent