

# California Community Colleges Growth Funding Allocation Model

**Dan Troy**, Vice Chancellor of Fiscal Policy, CCC Chancellor's Office

**Bonnie Ann Dowd**, San Diego CCD

**Ann-Marie Gabel**, Long Beach CCD

**Jeff De Franco**, Lake Tahoe CCD



California Community Colleges  
Chancellor's Office



# Expired Growth Regulation

- The California Community Colleges Growth Regulation 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 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.



# State Chancellor's Advisory Workgroup on Fiscal Affairs

- Convened to provide ongoing advice and counsel to CCC State Chancellor on community college finance and business operations impacting California community colleges.
- Workgroup members representative of the diversity of the 72 CCC Districts to include: districts from different regions of the state, single and multi-college districts, small and large, basic and non-basic aid districts.
- Advisory Workgroup, at the request of Chancellor Harris, was charged with working on a “new growth” funding model to replace the expired growth funding formula.





# Advisory Workgroup Membership

Fifteen Members (13 Districts, CCLC and CCCO Representatives):

- San Diego CCD, **Bonnie Ann Dowd- Chair**
- Long Beach CCD, **Ann-Marie Gabel- Vice Chair**
- Santa Clarita CCD, **Sharlene Coleal**
- Los Rios CCD, **Theresa Matista**
- San Mateo CCD, **Kathy Blackwood**
- Lake Tahoe CCD, **Jeff De Franco**
- Sonoma County CCD, **Doug Roberts**
- Rancho Santiago CCD, **Peter Hardash**
- Los Angeles CCD, **Vinh Nguyen**
- Sierra Joint CCD, **Chris Yatooma**
- Grossmont/ Cuyamaca CCD, **Sue Rearic**
- Kern CCD **Tom Burke**
- Yosemite CCD, **Teresa Scott,**
- Community Colleges League of California (CCLC) Representative - **TBD**
- California Chancellor Community Colleges Office (CCCO) Representative, **Dan Troy,** and
- ACBO President, (non-voting member), **Fred Williams**



## 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 that 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.





# Growth Allocation Model Factors

The Workgroup included the factors required in the 2014-15 Trailer Bill language and added two additional factors:

- **Educational Attainment-** Percentage of individuals in the district who do not have a bachelor's degree
- **Unemployment-** Unemployment rate in the district
- **Poverty(Pell Grant)-** Percentage of students in the district receiving Pell grants
- **Participation Rate-** Community college participation rate of individuals between 18 and 24 living within the district boundary
- **Unfunded FTES-** Districts 3-year average unfunded FTES, must have at least 1% per year



# Allocation Model Methodology

1. For the first four factors, the district rate is compared to the statewide rate to determine whether the district is lower or higher than the state average.
2. The difference between the district rate and the statewide rate is constrained using a “floor” of 1% and a “ceiling” of 10%.
3. The differences are weighted and summed together to calculate an index value for each district.
4. Districts with a higher index value have a higher level of need and those with a lower value have a lower level of need.
5. Factors are based upon district boundaries and not on service areas.



# Example – Index Factors

	<b>Educational Attainment</b>	<b>Unemployment</b>	<b>Pell</b>	<b>Participation Rate</b>	<b>Unfunded FTES</b>
District	62.70	10.20	40.60	3.90	0.00
Statewide	62.00	9.30	20.70	5.20	0.00
Difference	0.70	0.90	19.90	1.30	0.00
<b>Calculation Amount (Constrained)</b>	<b>1.00</b>	<b>1.00</b>	<b>10.00</b>	<b>1.30</b>	<b>1.00</b>

**Note:**

Source of data for Educational Attainment, Unemployment, and Participation Rate is ESRI.

Source of data for Pell is District MIS data.

Source of data for Unfunded FTES is District Exhibit E.

# Example – Weighted Factors

	<b>Educational Attainment</b>	<b>Unemployment</b>	<b>Pell</b>	<b>Participation Rate</b>	<b>Unfunded FTES</b>
District Constrained Index Factors	1.0	1.0	10.0	1.3	1.0
Weight	.2	.2	.2	.2	.2
<b>Weighted Index Factor</b>	<b>0.20</b>	<b>0.20</b>	<b>2.00</b>	<b>0.26</b>	<b>0.20</b>
	+	+	+	+	=
<b>District Growth Index Value</b>	<b>2.86</b>				





# Translating the Index Value into a Funding Allocation

1. Divide each district's Growth Index Value by 100 to get the district's Growth Rate.
2. Multiply each district's Growth Rate by that district's FTES Revenue. This is the district's unconstrained growth allocation based upon the calculated need.
3. Using the unconstrained growth allocation calculated in step 2, constrain it to the total amount of growth revenue available by multiplying the district's unconstrained growth allocation with the statewide growth revenue and dividing by the total amount of unconstrained growth revenue calculated in step 2 above.
4. The following example assumes that 2.03.% growth is provided which translates to \$100 million.

# Example – Growth Amount

	<b>Growth Rate</b>	<b>13-14 FTES Revenue (as of P2)</b>	<b>Unconstrained Growth Revenue (System Need)</b>  (Growth Rate times 13-14 FTES Revenue)	<b>Constrained to State Growth Revenue (Assume \$100,000,000 Available)</b>  (Unconstrained Growth times Statewide Growth Revenue divided by Unconstrained System Need)	<b>Constrained Growth Rate</b>  (Constrained Growth Amount divided by Statewide Growth Revenue)
District (example)	2.86%	88,782,246	2,539,172	2,257,346	2.26%
Statewide	2.76%	4,929,689,465	112,484,868	100,000,000	2.03%





# Next Steps

- Roll Growth Funding Model out at ACBO fall 2014 conference.
- Roll Growth Funding Model out at Consultation Council in November 2014.
- Link information related to Growth Funding Model methodology on the CCCO website.
- New Growth Funding Model methodology to be applied in FY2015-16 State Budget.

# Questions?



California Community Colleges  
Chancellor's Office