



Funding Community Colleges for Equity, Efficiency, and Student Success: An Examination of Evidence in California

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Presentation Outline

- Funding Community Colleges towards Equity, Efficiency and student success
 - Melguizo, T., & Witham, K. (June, 2018). Funding community colleges for equity, efficiency, and student success. The Century Foundation, New York, N.Y. <https://tcf.org/content/report/funding-community-colleges-equity-efficiency-student-success-examination-evidence-california/>
- Brown's: Student Centered Funding Formula (SCFF)
- Century Foundation Working Group on Community College Financial Resources



Community Colleges Serve High Need Populations with Limited Funding

- Community colleges enroll the largest number of low-income and minoritized students
- California
 - 74% Students of color
 - 43% of first-generation students
- Community college receive substantially less state funding than four-year colleges
- California (2018-19 Proposed)
 - CCC: \$13,503
 - CSU: \$17,544
 - UC: \$32,268



Degree Attainment Rates at Community Colleges are Low

- Nationally,
 - 29% of students who start at a community college complete an A.A. within six years (Shapiro et al, 2017)
 - 9.5% of students from the lowest income quartile completed a B.A. compared to 15.5% of highest income
- California
 - 26.2% over 3 years (Chronicle Higher Education)
 - Black: 13%, Latino: 19.8, White: 29%, Asian: 38%
 - 48.2 over 6 years (2018 Score Card)

How to Adequately Incentivize both Participation and Completion through Funding Mechanisms?



- Local Control Funding Formula (LCFF) in K-12 enacted in 2013-14 California
- Delved into the K-12 and higher education finance literature to identify four different types of formulas for community colleges
- We used publicly available data in California to explore how the different formulas could fare in terms of promoting equity, efficiency, or balancing both



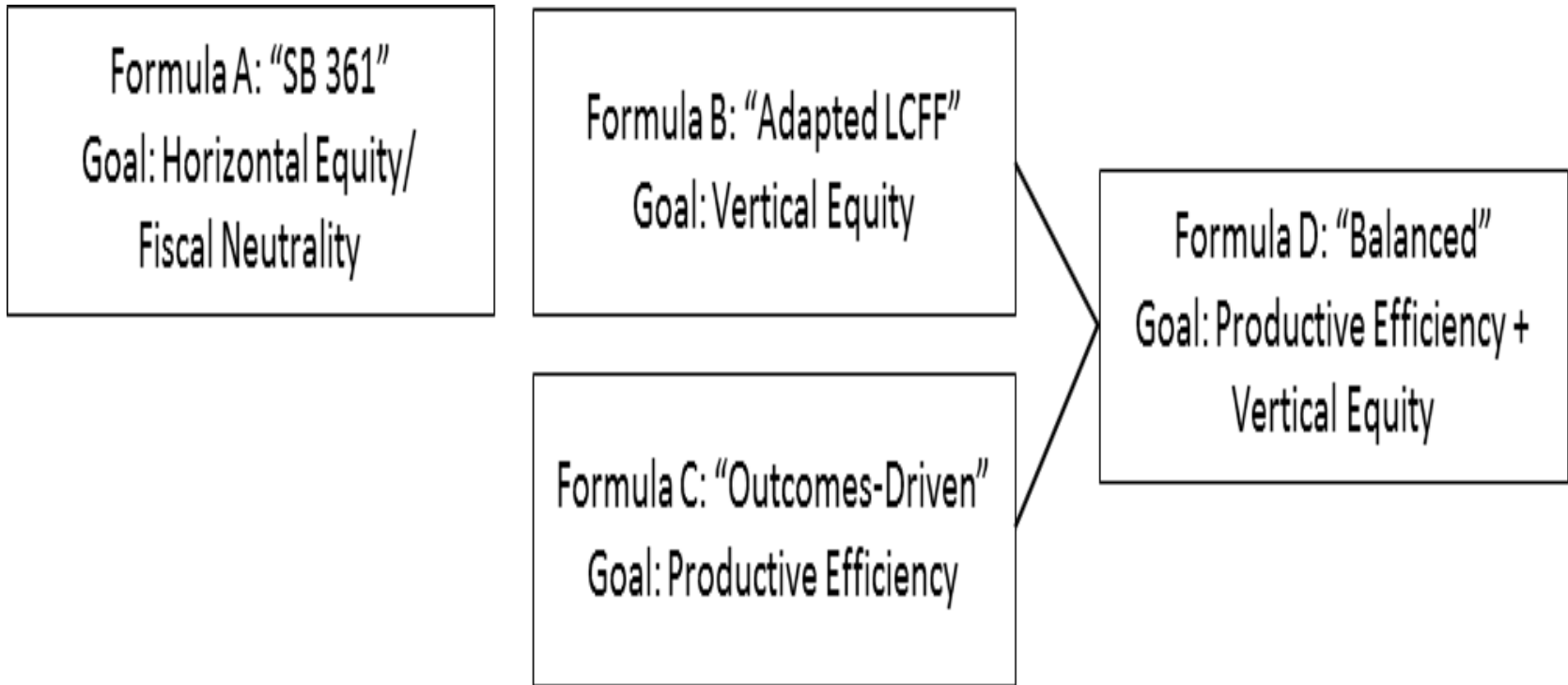
Efficiency ← *Tension* → Equity

Equity and efficiency often represent competing policy goals:

(Stone, 2001)

- **Greater efficiency could be achieved by directing resources towards the lowest-cost outcomes, i.e. institutions serving the most prepared/advantaged students**
- **Greater equity could be achieved by directing resources to those most underserved students at institutions where the cost-per-credential is highest**

Funding Formulas



Funding Formulas



Formula A: SB361. Horizontal equity is modeled by adapting the funding equalization policy that was designed to equalize funding across districts in the California Community Colleges system

Formula B: Adapted LCFF. Vertical equity is modeled by adapting the K–12 Local Control Funding Formula (LCFF) implemented in 2013 in California, which includes adjustments and supplemental grants designed to provide greater resources to districts serving large numbers of disadvantaged students.

Formula C: Outcomes-Driven. Productive efficiency is modeled by using the most extreme version of performance based funding where colleges are mostly rewarded by increases in outcomes.

Formula D: Balanced. A balanced approach is modeled by combining the adapted K-12 LCFF formula, that provides more funding for colleges serving high-need students, with the outcomes-driven or performance based funding formulas, to provide economic incentives for colleges to increase degree completion.

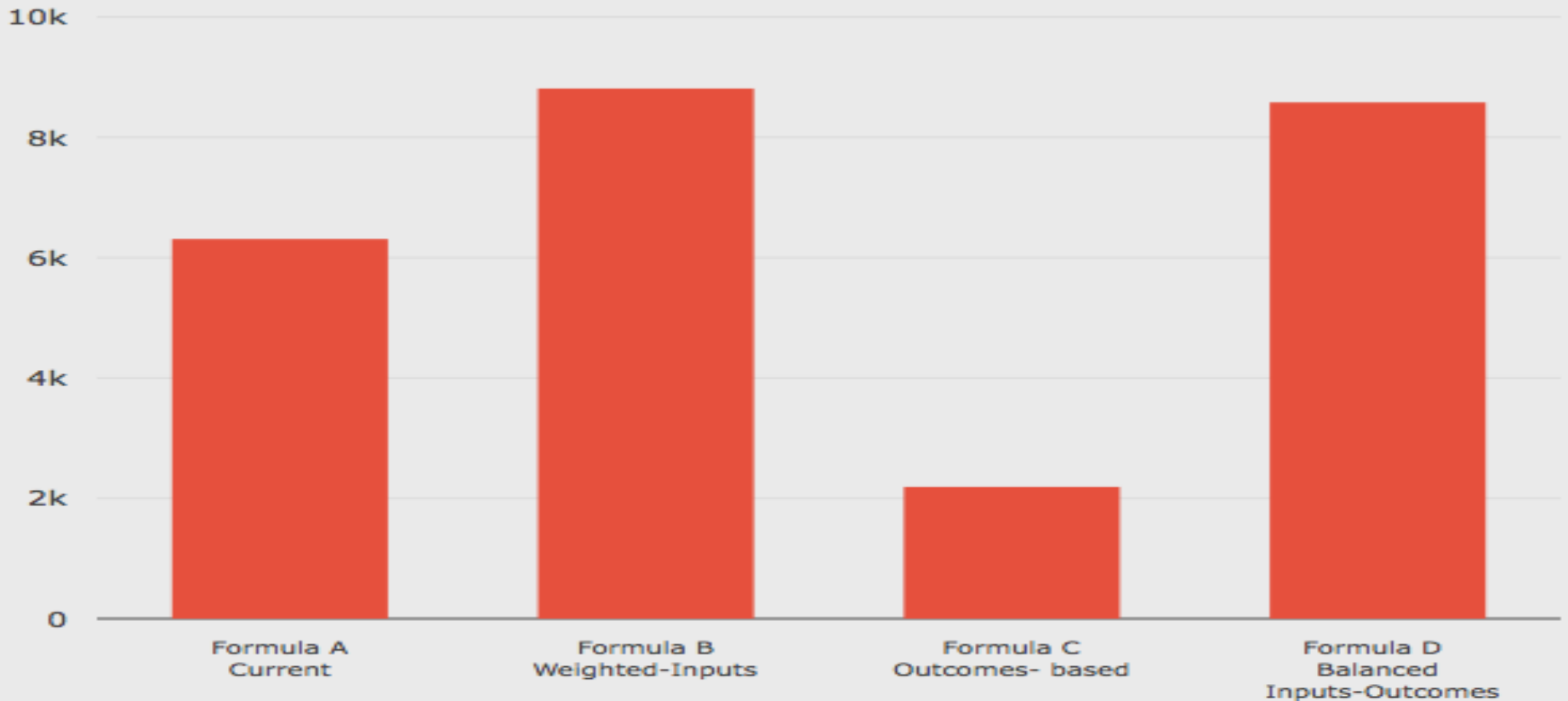


Estimating Potential Winners and Losers

Potential Winner



Projected Los Angeles 2007–08 State and Local Revenue per FTE Student across Four Funding Formulas

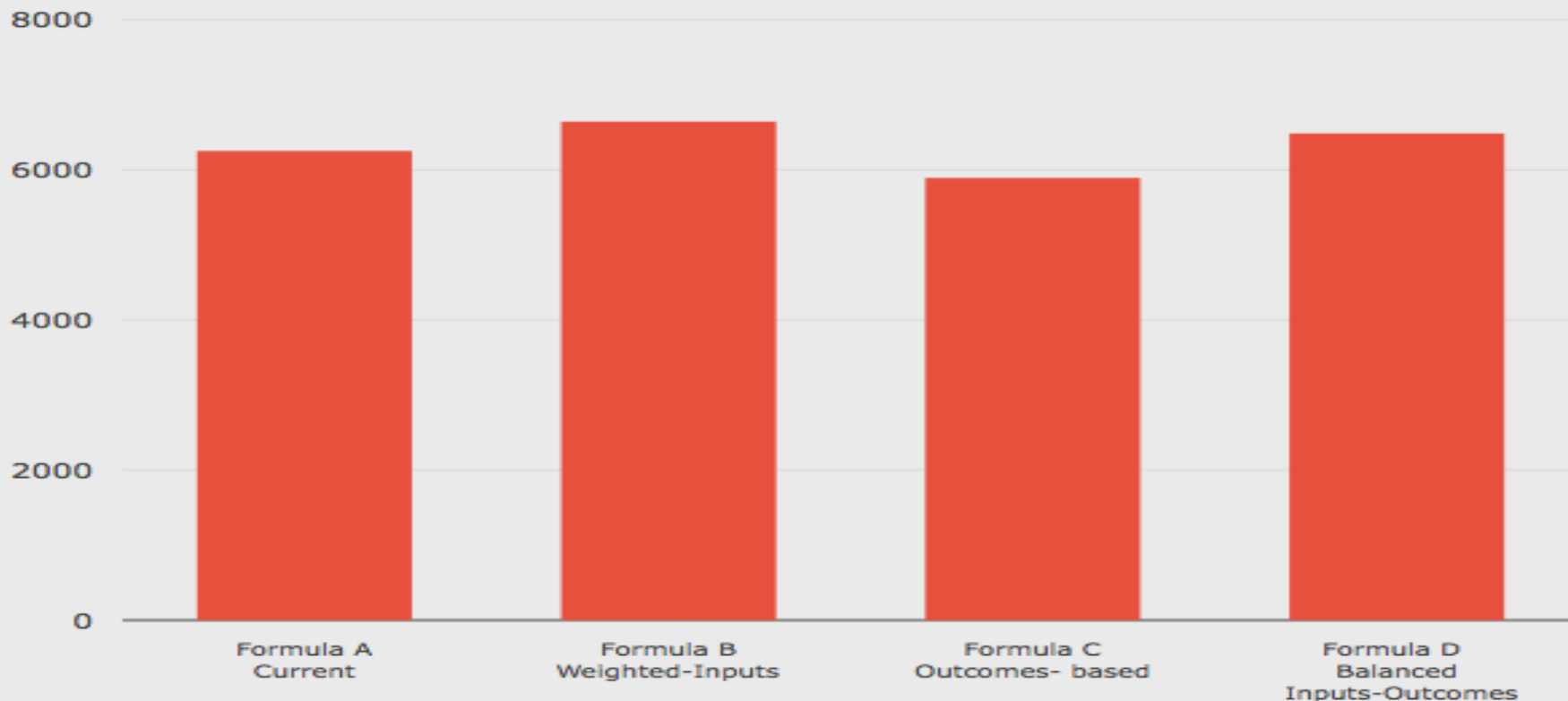


Note: Authors' calculations using California Community College Chancellor's Office Fiscal Data Abstracts and Management Information System (MIS) data.

Potential Neutrality



Projected Grossmont-Cuyamaca 2007-08 State and Local Revenue per FTE Student across Four Funding Formulas

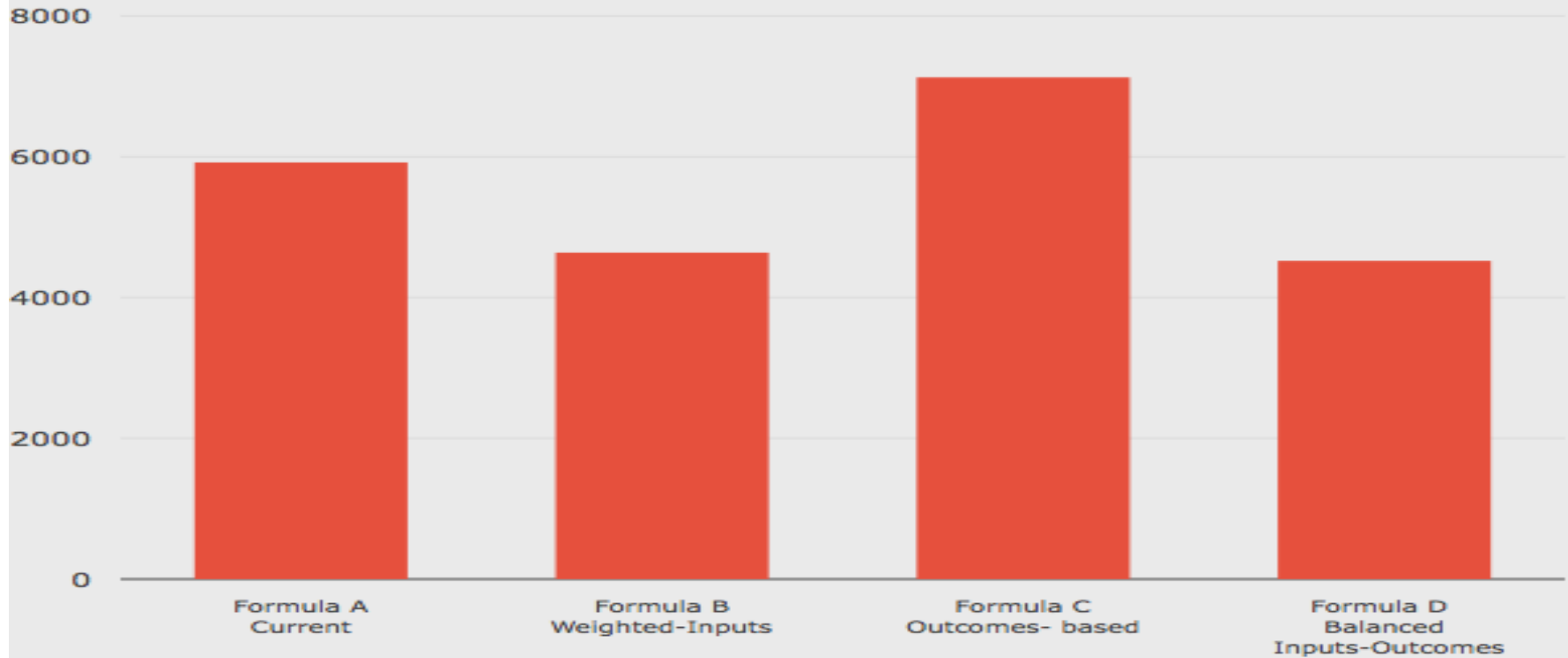


Note: Authors' calculations using California Community College Chancellor's Office Fiscal Data Abstracts and Management Information System (MIS) data.

Potential Loss, if Hold Harmless Provision not Adopted



Projected Santa Barbara 2007–08 State and Local Revenue per FTE Student across Four Funding Formulas



Note: Authors' calculations using California Community College Chancellor's Office Fiscal Data Abstracts and Management Information System (MIS) data.

Conclusions and Policy Implications



- Balanced outcomes-based funding that combines indicators to promote enrollment of disadvantaged students with adjustments for student achievement measures may approximate in higher education what standards of adequacy have achieved in K-12
- The balanced outcomes-based formula needs to make sure the indicators and weights are finely tuned to ensure adequacy of funding
- The formula is blunt in design so policy makers need to be aware of potential disincentives such as colleges narrowing the curriculum or reducing the investment in high cost programs

Equity and Efficiency/Success Proportions



	SCFF	CCCCO	LAO	Balanced
	Enacted	Proposed	Proposed	Use Weights
Enrollment	50%	60%	50%	69%
Equity	25%	20%	30%	24%
Efficiency	25%	20%	20%	7%



Current Concerns

- Thoughtful and phased implementation of the formula:
 - 2 year program transition to fine tune metrics and give colleges time to implement Guided Pathways and AB 705
 - 5 year program transition, 5% increases in equity and success funding
- There is a need to adequately define equity metrics beyond BOG or PELL (e.g., low income, students with disabilities, CalWORKS, AB 540)
- LAO pay more for outcomes of low-income students and for high-cost degrees (e.g., nursing)



The Century Foundation

Working Group on Community College Financial Resources

Context:

- Led by Richard Kahlenberg with support from the WT Grant Foundation
- Members included: academics, community college leaders, community college system leaders, higher ed state and national level organizations (e.g., SHEEO, NACUBO), policy centers (e.g., IHEP), advocacy groups (e.g., Education Trust)



Recommendations

Evidence that a 10% increase in spending increase boosted awards and certificates by 15%

AA completion is associated with lifetime earnings increase by more than \$300,000

- States need to **immediately** begin to increase community college funding
- Federal-states partnerships for community colleges, matching grants
- Need research to determine the cost to provide strong community college education



Recommendations

- Need to learn from the K-12 Adequacy literature and apply it to community colleges.
- In particular how much additional funding is required to achieve adequate outcomes for disadvantaged students.
- Guidance on where the money should be invested to achieve the greatest bang for the buck



References

Melguizo, T., Witham, K., Fong, K., & Chi, W.E. (2017). Understanding the relationship between equity and efficiency: Towards a concept of funding adequacy for community colleges. *Journal of Education Finance*, 43(2).

Melguizo, T., & Witham, K. (June, 2018). Funding community colleges for equity, efficiency, and student success. The Century Foundation, New York, N.Y. <https://tcf.org/content/report/funding-community-colleges-equity-efficiency-student-success-examination-evidence-california/>



Thank you!

Questions/Comments:

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