

An abstract graphic featuring a dark blue to teal gradient background. Several white circles of varying sizes are scattered across the frame. A small green rectangle is positioned in the top right corner. The text 'Stability:' is written in a light gray, sans-serif font on the left side.

Stability:

PROVIDING CERTAINTY IN A WORLD OF  
UNCERTAINTIES



# What is Stability?

- a) The mental capacity to effectively manage the unique issues of a Community College District.
- b) The state of a community college that, when disturbed by new ideas, develops forces that restore its original and ongoing condition.
- c) It occurs when a community college is in its lowest energy state or equilibrium with its environment.
- d) A calm work life where you don't have wild ups and downs.



## What is Stability? (cont.)

Stability is additional funding for a community college district when its current-year FTES (Full-Time Equivalent Students) number falls below the FTES number from the previous year. In other words, there has been a decline in students enrolled from one year to the next year.

For the initial year of decline, the district is then funded at the same FTES as the previous year.



# Base Revenues

There are two parts to the revenue calculation for a district's fiscal year funding (general apportionment).

- ▶ Basic Allocation: Funding based on the size (total FTES) of the college(s) in a district. There are three categories for a single-college district and 4 categories for a multi-college district.
- ▶ FTES Revenue: The result of taking the base FTES number and multiplying it by the Base Funding rates.

# Example of Basic Allocation

Schedule I: Basic Allocation Revenue

District Type	FTES	Funding Rate	Number of Colleges/Centers	Basic Allocation
		a	b	a x b
Single College District	<= 10000	\$3,649,630	0	\$0
	> 10000 & < 20000	\$4,866,176	0	\$0
	>= 20000	\$6,082,720	0	\$0
Mult-College District	<= 10000	\$3,649,630	1	\$3,649,630
	> 10000 & < 20000	\$4,257,904	1	\$4,257,904
	>= 20000	\$4,866,176	0	\$0
Additional Rural \$		\$1,160,807	0	\$0
Centers				
State Approved	>= 1000	\$1,216,544	0	\$0
Grandparented	>= 1000	\$1,216,544	0	\$0
	>= 750 & < 1000	\$912,407	0	\$0
	>= 500 & < 750	\$608,272	0	\$0
	>= 250 & < 500	\$304,136	0	\$0
	>= 100 & < 250	\$152,068	0	\$0
Total Basic Allocation				\$7,907,534

# Example of FTES Revenue

## Schedule II: FTES Revenue

### FTES Summary

	Credit	Noncredit	CDCP	Total
Base (PY Funded)	15,460.450	164.830	0.000	15,625.280
Growth Target	42.827	(71.220)	0.000	(28.393)
Restored	1,861.333	0.000	0.000	1,861.333
Stability	0.000	0.000	0.000	0.000
Total Funded	17,364.610	93.610	0.000	17,458.220
Unfunded	0.000	0.000	0.000	0.000
Actual Reported	17,364.610	93.610	0.000	17,458.220

### Base FTES Revenue

FTES Type	Base Funding Rate (Before CY COLA)	Marginal Funding Rate (Includes CY COLA)	BASE FTES (PY Funded)	Base Revenue
	a	b	c	a x c
Credit	5,071.806448	5,150.926642	15,460.450	\$78,412,410
Noncredit	3,049.819960	3,097.397152	164.830	\$502,702
CDCP	5,071.806461	5,150.926642	0.000	\$0
Total Base FTES Revenue				\$78,915,112



# Declines in FTES

There are 2 situations in which funding can potentially be reduced as a result of a decline in FTES.

- Basic Allocation: A college's enrollment drops below the lower threshold for a college size category. Below are the FY18 thresholds with corresponding funding amounts.

## Multi-College District Funding Rate: Total FTES

>20000	>10000	<=10000
\$6,082,720	\$4,866,176	\$3,649,630

## Single-College District Funding Rate: Total FTES

Rural	>20000	>10000	<=10000
\$1,160,807	\$4,866,176	\$4,257,904	\$3,649,630

- FTES Revenue: There is a decline in the FTES from the previous year.

# Example of FTES Reduction (Multi-College District)

YEAR	College 1	% Growth	College 2	% Growth	TOTAL	% Growth
2007-2008	10,420	1.0	7,186	1.4	17,606	1.2
2008-2009	10,912	4.7	6,591	(8.3)	17,503	(0.6)
2009-2010	11,315	3.7	7,501	13.8	18,816	7.5
2010-2011	10,756	(4.9)	6,744	(10.1)	17,500	(7.0)
2011-2012	9,754	(9.3)	6,442	(4.5)	16,196	(7.5)
2012-2013	9,552	(2.0)	6,651	3.2	16,203	0.0
2013-2014	9,698	1.5	6,758	1.6	16,456	1.6
2014-2015	10,132	4.5	7,065	4.5	17,197	4.5
2015-2016	10,455	3.2	7,185	1.7	17,640	2.6
2016-2017 P3	8,991	(14.0)	6,603	(8.1)	15,594	(11.6)
2017-2018 Budget	10,200	13.4	7,200	9.0	17,400	11.6



# Stability (Ed Code)

## Title 5 §58776. Budget Stability

- ❖ Districts shall receive stability funding only in the **initial year** of decline in FTES in an amount equaling the revenue loss associated with the FTES reduction for that year. **(FTES Revenue)**
- ❖ Declines in college FTES that result in a reduction of calculated basic allocation will not cause a reduction in basic allocation base revenue until the **third year** after the year of the FTES decline, and the basic allocation will not be reduced if the FTES is restored back to or above the pre-decline base. **(Basic Allocation)**



# What Does Stability Do For a District?

- ▶ **Basic Allocation:** If the decline would result in a change of college size reducing the FTES below the threshold, then the college will not be subject to a reduction of Basic Allocation funding until the third year after the year of the FTES decline.
- ▶ **FTES Revenue:** A college gets stability funding the first year of decline and is funded at the same FTES as the previous year.

# Stability Calculation

- ▶ The Stability Adjustment is calculated by multiplying the Base Funding Rate by the Stability FTES (See next slide).

FTES Type	Base Funding Rate (Before CY COLA)	Marginal Funding Rate (Includes CY COLA)
	a	b
Credit	5,071.806477	5,150.926642
Noncredit	3,049.819960	3,097.397152
CDCP	5,071.806461	5,150.926642

	Credit	Noncredit	CDCP	Total
Base (PY Funded)	9,202.610	499.920	319.040	10,021.570
Growth Target	0.000	0.000	0.000	0.000
Restored	0.000	0.000	0.000	0.000
Stability	(682.710)	(56.820)	(73.720)	(813.250)
Total Funded	8,519.900	443.100	245.320	9,208.320
Unfunded	0.000	0.000	0.000	0.000
Actual Reported	8,519.900	443.100	245.320	9,208.320
Base FTES Revenue				

# Stability Calculation (cont.)

## Total Computational Revenue

- ▶ III. Less Current Year Decline (\$4,009,757)
- ▶ IV. Stability Adjustments \$4,189,949 (This is the amount of stability revenue based upon stability FTES adjusted for COLA and Other Revenue Adjustments.)

Base Funding Rate	Stability FTES	Current Year Decline
5071.806477	(682.71)	(3,462,573)
3049.819961	(56.82)	(173,291)
5071.806461	<u>(73.72)</u>	<u>(373,894)</u>
	(813.25)	(4,009,757)

# Restoration

- ▶ Restoration brings the college back to previous years' FTES level
- ▶ Three years to restore the FTES
- ▶ There may be 3 years of decline simultaneously
- ▶ The oldest decline is restored first
- ▶ The dollar value is restored; the mix of the FTES may change

## Restoration (cont.)

- ▶ Restoration takes place by increasing FTES but your total available restoration level is based on the previous total computational revenue amount.
- ▶ The makeup of non-credit, credit, and CDCP can change and the district can still restore to an FTES level that is equivalent to the previous revenue level. For instance you can have fewer credit and more non-credit than the district's original FTES amounts pre-stabilization.



# Statewide - Stability/Restoration/Growth

## ► FY 2016-17 P2

- 30 districts received stability funding (\$196.3M)
- Restoration (\$106.7M)
  - 21 Working to be restored
  - 12 Not fully restored
  - 9 Fully restored
- 30 received Growth funds (\$38.2M)

## ► FY 2017-18 P1

- 32 districts received stability funding (\$176.1M)
- Restoration (\$185.3M)
  - 28 Working to be restored
  - 18 Not fully restored
  - 10 Fully restored
- 22 received Growth funds (\$32.5M)

Source: Community College Chancellors Office

# Stability Funding – Statewide Trends

- ▶ Economy
- ▶ Unanticipated changes to student enrollment
- ▶ Course Repetition
- ▶ Insufficient/Adequate Course scheduling
- ▶ BOG Fee Waiver SAP (Satisfactory Academic Progress)
- ▶ Accountability measures
- ▶ Accelerated Completion Agenda
- ▶ Students taking fewer units per semester
- ▶ 18-24 Year old population decline
- ▶ Minimum Wage Increase
- ▶ Promise Programs
- ▶ Many more!

# A Quick Review

- ▶ **Decline** is when a college has fewer FTES than the previous year
- ▶ A college gets **Stability** funding the 1<sup>st</sup> year of the decline (Funded the same FTES as the previous year)
- ▶ **Restoration** brings the college back to the previous year's FTES level.
- ▶ **Growth** funding is earned after all lost FTES has been restored.

# Strategies

- ▶ New outreach efforts/events and/or programs to attract new students
- ▶ Evaluate registration timelines to be sure opportunities for students are maximized
- ▶ Adjust auto-enroll procedures for online and face-to-face courses
- ▶ Add new facilities and/or spaces for instruction to attract more students (Dual Enrollment/high schools, modular facilities, etc.)
- ▶ If have limited space and/or space impacts, expand summer and winter inter-term course offerings
- ▶ Extend hours for counseling, financial aid, and enrollment services
- ▶ Explore/reach out to area high schools earlier – develop articulation agreements/feeder programs (Dual Enrollment, concurrent enrollment, curriculum alignment efforts).

## Strategies (part 2)

- ▶ Extend counseling to non-credit courses to encourage transition to credit programs.
- ▶ Enhanced marketing effort to target specific programs (e.g. CTE or Humanities) and/or student populations (e.g. Veterans or adult learners)
- ▶ Evaluation and enhancement of early alert systems
- ▶ First year experience cohorts to impact persistence.
- ▶ Adjusting hours of operations to enable access/success.
- ▶ Engage campus community broadly to work together to generate FTES – it is everyone's responsibility.



# Impacts

- ▶ Provides a predictable funding stream for Districts
- ▶ Gives a District time to strategically restore FTES as needed over a three-year period
- ▶ Allows Districts to prepare for permanent reductions in FTES base revenue as well as the basic allocation
- ▶ Buys time for the District to develop an enrollment management plan to reach projected/targeted FTES levels
- ▶ Allows for budget protection in the initial year of decline





# Future Considerations & Questions

- ▶ Lack of stability funding could result in mid-year budget cuts, layoffs, and workload reductions. How could these changes impact California Community Colleges?
- ▶ Elimination of stability could make funding unpredictable, negatively impacting student success by restricting access and support services.
- ▶ Uncertainty as to the future of stability and restoration under the new proposed funding formula.
- ▶ Will this model be continued? Will the trend of more districts moving into stability continue or will it decline?
- ▶ What other impacts/issues will arise under the new funding guidelines?



# Questions?

► Thank you