

Objective

Develop a new budget allocation model that respects the current allocation percentage and has a mechanism in place to transition over time that rewards the colleges by maximizing the incentives built into the SCFF.

18/19 SCFF Changes

- Special Admit & Incarcerated removed from “Credit” FTES for the purposes of creating the 3 year average
- A maximum increase of 8.12% above 17/18 plus COLA is granted to any district
- Changed the way the deficit factor is handled – Only districts that were to receive funding above 17/18 plus COLA would participate in absorbing the deficit factor

Item 8, Attachment 1
CONSULTATION COUNCIL
April 18, 2019

STUDENT CENTERED FUNDING CONSIDERATIONS

#	Issue	Existing Law	Potential Alternative
1	“Hold Harmless” Provisions	<p>Existing law specifies that a district would receive at least the following:</p> <ul style="list-style-type: none"> • In 2018-19, the 2017-18 total computational revenue adjusted by the 2018-19 cost-of-living adjustment (COLA). • In 2019-20, 2017-18 revenues adjusted by the 2018-19 and 2019-20 COLAs. • In 2020-21, 2017-18 revenues adjusted by the 2018-19, 2019-20, and 2020-21 COLAs. 	<p>Extend this “hold harmless” provision by one year, such that, in 2021-22, districts would receive at least their 2017-18 revenues, adjusted by the 2018-19, 2019-20, 2020-21, and 2021-22 COLAs.</p>
2	Limit on Year-to-Year Funding Increases	<p>No related provisions—though the SCFF continues existing practices that limit enrollment growth by an amount specified in the annual budget.</p>	<p>Limit increases in the total computational revenue to three times the amount budgeted for a COLA for that year. For example, as part of the apportionments made for 2018-19, limit year-over-year increases (compared to 2017-18) to 8.13 percent (three times the budgeted COLA of 2.71).</p>

3	Counts of Student Success Allocation Awards	Existing law counts all outcomes, regardless of whether the same student attained more than one of the outcomes.	Count only one of the following in a single year: (1) associate degree for transfer, (2) associate degree, (3) baccalaureate degree, or (4) credit certificate (16 units or greater). That is, if a student earned more than one of these in a given year, the district would receive funds for the outcome to which the highest points are attributed. However, if a student received one in the first fiscal year and another in a subsequent year, the district would receive funds for both of the outcomes in the respective years.
4	Definition of Completion of Nine or More Career Technical Education Units	Existing law counts the number of students who completed nine or more career technical education (CTE) units in the same academic year. [CTE is defined as CTE courses are Standard Accountability Measure (SAM) A, B, C courses or all courses with a CTE Taxonomy of Programs (TOP) code.]	Count this outcome only if the student completes at least nine or more CTE units in the same discipline, defined as courses within the same two-digit TOP code.
5	Definition of Successful Transfer to Four-Year University	Existing law counts the number of students who successfully transfer to any four-year university, with an outcome credited to each district in which student enrolled in the year prior to transfer.	Count this outcome at a district only if the student, in the year before transfer, completed at least nine units in the district.
6	Definition of Attainment of Regional Living Wage	Existing law counts the number of students who are earning a regional living wage, with an outcome credited to each district in which student enrolled in the year prior to exit.	Count this outcome at a district only if the student, in the year before exit, completed at least nine units in the district.
7	Definition of Outcomes Related to Awards	Existing law counts all awards (i.e., associate degrees for transfer, associate degrees, baccalaureate degrees, and credit certificates) in a given year.	Count awards only if a student completed nine or more units at the district in that same academic year.

8	Use of Simple Average for Student Success Allocation Counts	Existing law uses prior-year counts for each of the outcomes in the student success allocation.	Use simple average of the outcomes for the prior year and the prior prior year. That is, for 2019-20, the factors would be a simple average of the counts for 2017-18 and 2018-19.
9	Use of Simple Average for Supplemental Allocation counts	Existing law uses prior-year counts for each of the factors in the supplemental allocation.	Use a simple average of the factors (i.e., counts of Pell Grant recipients, California College Promise Grant recipients, and AB 540 students) for the prior year and the prior prior year. That is, for 2019-20, the factors would be a simple average of the counts for 2017-18 and 2018-19.
10	Counts of Residents Students in Student Success Allocation	Existing law counts outcomes of students regardless of students' classification for purposes of administration of the enrollment fee.	Count outcomes only if the student is classified as a resident student (for purposes of administration of the enrollment fee) at some point during enrollment at the community colleges. (This alternative does not change any provisions related to AB 540 students. AB 540 students would continue to be counted and generate additional funding under the SCFF.)
11	Counts of Residents Students in Supplemental Allocation	Existing law counts students regardless of students' classification for purposes of administration of the enrollment fee.	Include a student in the counts of Pell Grant recipients and California College Promise Grant recipients only if the student is classified as a resident student (for purposes of administration of the enrollment fee). (This alternative does not change any provisions related to AB 540 students. AB 540 students would continue to be counted and generate additional funding under the SCFF.)

12	Alignment of Student Success Allocation Counts Consistent with Intent on Special Admit Students and Students in Correctional Facilities	Existing law counts outcomes of students regardless of students' classification as special admit students or students in correctional facilities.	Clarify statute consistent with the legislative intent that funding be provided for special admit students and students in correctional facilities through the base allocation by making explicit that outcomes of students whose enrollment has been exclusively in one of those categories are not to be counted.
13	Alignment of Supplemental Allocation Counts Consistent with Intent on Special Admit Students and Students in Correctional Facilities	Existing law counts students regardless of students' classification as special admit students or students in correctional facilities.	Clarify statute consistent with the legislative intent that funding be provided for special admit students and students in correctional facilities through the base allocation by making explicit that outcomes of students whose enrollment has been exclusively in one of those categories are not to be counted.
14	Three-Year Calculation of FTES	Existing law specifies a calculation to be used to determine the credit FTES applied in the formula. In general, this formula operates such that credit FTES (excluding FTES of special admit students and students in correctional facilities) for the current year (excluding growth FTES), prior year, and prior prior year are averaged, with growth FTES for the current year added to this total.	<p>Count FTES (for purposes of the SCFF) using a simple three-year average of reported FTES in the current year, the prior year, and the prior prior year in each of the following categories:</p> <ul style="list-style-type: none"> • Credit FTES (excluding FTES of special admit students and students in correctional facilities). • Credit FTES of special admit students. • Credit FTES of students in correctional facilities. • Noncredit FTES (excluding CDCP noncredit FTES). • CDCP noncredit FTES. <p>That is, for 2019-20, the FTES counts would be a three-year average of FTES for 2017-18, 2018-19, and 2019-20.</p>

15	Adjustments to Various SCFF Rates	Existing law specifies rates for each of the factors included in the base allocation, supplemental allocation, and student success allocation, aiming for a 70-20-10 split across those three allocations in 2018-19 and moving toward a 60-20-20 split by 2020-21. The Governor's Budget proposes a continuation of the 70-20-21 split in 2019-20. Existing law specifies various point values within the supplemental allocation and student success allocation.	Adjust the per-factor rates for each of the factors in the base allocation, supplemental allocation, and student success allocation, such that the split across the three allocations would be approximately 70-20-10 in 2019-20, with the existing points structure used to adjust the rates in the supplemental allocation and student success allocation and any changes made to the credit FTES rate in the base allocation.
16	Adjustments Based on Revised Estimates of Offsetting Revenues	Under existing practice, the state determines General Fund appropriations when the annual budget is enacted, in part based on estimates of local property taxes and Education Protection Account revenues (because those revenues offset the state costs of the Student Centered Funding Formula).	Enact statutes that authorize the state to adjust General Fund appropriations for the Student Centered Funding Formula following enactment of the annual budget to account for revised estimates of local property taxes and Education Protection Account revenues. That is, if offsetting revenues are higher than estimated, General Fund appropriations would increase by a corresponding amount.