



CALIFORNIA COMMUNITY COLLEGES CHANCELLOR'S OFFICE

Student Centered Funding Formula

- ✓ Too few students complete their educational goals in the California Community Colleges. Given this urgent challenge, we must re-examine our policies and practices to align with the Board of Governors *Vision for Success* and the state's priority to better serve students who have historically been left behind.
- ✓ The Student Centered Funding Formula is one of several connected efforts aimed at reaching the goals articulated in the *Vision for Success*. It aims to lift more Californians into the middle class and beyond and to close achievement gaps among disadvantaged students.
- ✓ The Student Centered Funding Formula will be pivotal in closing the achievement gaps while improving access and outcomes for all students. Most students who enter a community college never earn a certificate or a degree or transfer to a four-year college or university, and those who do reach their goal often take too long to do so.
- ✓ The Student Centered Funding Formula supports access to our 114 colleges through a combination of enrollment-based funding, educational equity by targeting funds to districts serving low-income students, and student success by providing districts with additional resources for successful outcomes by students, especially those from low-income backgrounds.
- ✓ The Student-Centered Funding Formula is a blended formula made up of:
 - A Base Allocation based on current enrollment factors;
 - A Supplemental Allocation determined by the number of students who receive a College Promise Grant or a Pell Grant (or both) or who are AB 540 students;
 - A Student Success Allocation based on student success metrics.
- ✓ The Student Success Allocation metrics are based on the degree to which all students:
 - Earn degrees and certificates;
 - Complete key progress milestones, including transfer-level mathematics and English within their first year and/or nine or more CTE units;
 - Achieve key outcomes, including successfully transferring to a four-year institution or attaining the regional living wage within one year of leaving community college.
- ✓ Each of these success metrics is enhanced by providing districts with additional funding if College Promise Grant, Pell Grant, and AB 540 students achieve these outcomes.

(more)

- ✓ The Student Funding Formula will be phased in over three years. The state designed the formula so that, in 2018-19, about 70 percent of apportionment funding will be spent on the Base Allocation; 20 percent for the Supplemental Allocation; and 10 percent for the Student Success Allocation. In 2019-20 those percentages are based on estimates of a 65-20-15 split. In 2020-21, the shift is completely phased in, with rates based on estimates of a 60-20-20 split.
- ✓ No district will see a loss in funding in 2018-19. Districts that financially benefit under the new formula will receive those higher amounts, while districts that do not will nonetheless see their 2017-18 allocation increase by a cost-of-living adjustment.
- ✓ Per-student spending is expected to increase 5.8 percent in the coming year. Additional funding of \$50 million is available to hire more full-time faculty and another \$50 million in additional funding is available to support part-time faculty office hours. Non-credit FTEs will be funded at current rates, and the new formula continues the “summer shift” and establishes three-year rolling averages for FTES calculations.
- ✓ Seventy percent of states take student performance into account when funding public colleges and universities.
- ✓ A 15-member Funding Formula Oversight Committee will evaluate and review implementation of the new funding formula, and a Chancellor’s Office Implementation Team will do the same. A report examining progress toward advancing goals will be sent to the Legislature and Finance Department will be due by July 1, 2022.
- ✓ The California Community Colleges Chancellor’s Office will provide guidance, technical assistance and professional development as we transition to the new Student-Centered Funding Formula. To start, the Chancellor’s Office will be holding workshops on the budget on August 13 and August 15.

Chancellor's Office

Overview of the Student Centered Funding Formula



California
Community
Colleges

Milestone

“...California’s state leaders have truly delivered on a promise to put students first and set an example for the rest of the nation by adopting a new funding formula that incentivizes student success...”

–Chancellor Eloy Ortiz Oakley

Current Challenges

- While the system has made significant strides in improving student success, serious challenges remain.
 - Most students who enter a community college never complete a degree or certificate or transfer.
 - Students who do reach an educational goal take a long time to do so.
 - Achievement gaps persist (across student groups and across regions).
- Discussions about a new funding formula began more than a year ago, given concerns among system stakeholders that enrollment—the traditional driver of funding—has been stagnant in many districts.

Principles for Reform

- In reforming funding for community college districts, we aim to do the following:
 - Encourage progress toward the *Vision for Success* adopted by the Board of Governors.
 - Provide groups of students that have faced barriers to success with additional support to meet our goals.
 - Make resources most useful to community college districts by making them stable, predictable, and flexible.
- We want community college finance to further the activities the Chancellor's Office is undertaking through the Guided Pathways framework.

Student Centered Funding Formula

- The new formula calculates apportionments generally using three allocations:
 - *Base Allocation*—Current factors (primarily credit FTES).
 - *Supplemental Allocation*—Counts of low-income students.
 - *Student Success Allocation*—Counts of outcomes related to the *Vision for Success*, with “premiums” for outcomes of low-income students.
- Noncredit FTES (and some other FTES) would be funded at current rates.
- The rates are calculated to provide a three-year transition.



Supplemental Allocation

- For the supplemental allocation, a district would receive one “point” based on the counts of all of the following in the prior year:
 - Pell Grant recipients.
 - California College Promise Grant recipients.
 - AB 540 students.

Student Success Allocation

Student Success Allocation—Measures	All Students	Promise Grant Premium	Pell Grant Premium
Associate degrees for transfer granted	4	4	6
Associate degrees granted (excluding ADTs)	3	3	4.5
Baccalaureate degree granted	3	3	4.5
Credit certificates (16 units or more) granted	2	2	3
Completion of transfer-level mathematics and English courses within first academic year of enrollment	2	2	3
Successful transfer to four-year university	1.5	1.5	2.25
Completion of nine or more CTE units	1	1	1.5
Attainment of regional living wage	1	1	1.5

Point Values

	2018-19	2019-20 ^{1/}	2020-21 ^{1/}
Base Allocation			
Dollars per Credit FTES	\$3,727	\$3,387	\$3,046
Basic Allocation	See Note	See Note	See Note
Supplemental Allocation—Dollars per Point	\$919	\$919	\$919
Student Success Allocation—Dollars per Point	\$111	\$167	\$222

^{1/} These totals will also be adjusted by the changes in the cost-of-living in those years.

Note: These amounts will be calculated based on the numbers of colleges and comprehensive centers consistent with the current formula.

Implementation

- In 2018-19, 2019-20, and 2020-21, a district would receive the greater of the formula total or the amount the district received in 2017-18, adjusted by the changes in the cost-of-living.
- The formula includes a “stability” provision that delays any decreases in revenues by one year.
- Further, the bill would require the following of districts:
 - *Goals*—Adoption, by January 1, 2019, of goals that are aligned with the Vision for Success.
 - *Comprehensive Plans*—Alignment of comprehensive plans with those goals and alignment of annual budgets with the comprehensive plans.
 - *Capacity*—If directed by the chancellor (with approval by the Board of Governors), use of funds for technical assistance or professional development.

Implementation Team



- Board of Governors
- Legislature
- Governor
- Oversight Committee
- Advisory Groups

Work Streams

Enactment of
Systemwide
Policies

Apportionments

Alignment of
District Plans and
Budgets with *Vision
for Success*

Alignment Across
State Categorical
Programs

Curriculum Review

Professional
Development

Data Systems

Capacity of
Chancellor's Office

Engagement with
System
Stakeholders

Evaluation

More Information

To receive responses to questions or to provide comments on implementation, please email SCFF@cccco.edu.

To Chancellor's Office will post updates, including responses to frequently asked questions, at <http://extranet.cccco.edu/Divisions/FinanceFacilities/StudentCenteredFundingFormula.aspx>.



Student Centered Funding Formula Webinar Series

In alignment with the California Community Colleges' Vision for Success, the new Student Centered Funding Formula (SCFF) is structured to acknowledge key metrics that reflect our students' success.

This webinar series will review the impact of the new comprehensive formula, as well as dive deeper into the metrics that will be utilized and the planning tools geared towards developing a comprehensive plan.



SERIES DATES

September 13, 2018 - 10:30am-12:00pm

[Click here for registration.](#)

This webinar will include an overview of the theory of change behind the Formula, an explanation of the nuts and bolts of the Formula's operation, and an update on implementation status.

October 9, 2018 - 2:00pm-3:30pm

This webinar will feature a deep dive into data.

Registration link coming soon.

November 5, 2018 - 2:00pm-3:30pm

This webinar will feature information on local goals.

Registration link coming soon.



WHO SHOULD PARTICIPATE?

The following District and college personnel who are involved in aligning our institutions with the new SCFF are invited to participate:

- CBOs, CIOs, CSSOs, CHROs, CISOs
- Deans and Directors
- Classified Staff
- CEOs
- Researchers
- Financial Aid Directors
- Faculty

WEBINAR TAKEAWAYS:

- Thorough understanding of the new SCFF and the metrics that will be utilized
- Increased knowledge of the SCFF's impact on your college
- Planning tools to develop your comprehensive plan, including who needs to be at the table and what kind of training is needed
- How to leverage and integrate existing categorical programs to help your college succeed
- How to leverage Guided Pathways implementation to help your college succeed

THE CCC VISION FOR SUCCESS

How will the content of this webinar help you and your college align with the *Vision for Success* commitments?



Focus relentlessly on students' end goals.



Foster the use of data, inquiry, and evidence.



Always design and decide with the student in mind.



Take ownership of goals and performance.



Pair high expectations with high support.

Theresa D. Tena

Executive Vice Chancellor Institutional Effectiveness and Innovation

CCC Chancellor's Office

1102 Q Street

Perez, Ron

From: Chief Business Officers <CBO-ALL@LISTSERV.CCCCO.EDU> on behalf of Tena, Theresa <ttena@CCCCO.EDU>
Sent: Friday, August 24, 2018 12:57 PM
To: CBO-ALL@LISTSERV.CCCCO.EDU
Subject: Student Centered Funding Formula Webinar Series
Attachments: SCFFWebinarFlyer_FINAL.pdf

Dear Colleagues:

The Chancellor's Office is pleased to announce a webinar series focusing on the new Student Centered Funding Formula (SCFF). The series will review the impact of the new comprehensive formula, as well as dive deeper into the metrics that will be utilized and the planning tools geared towards developing a comprehensive plan.

The first of the series will occur on Thursday, September 13, 2018 from 10:30am-12:00pm. It will include an overview of the theory of change behind the Formula, an explanation of the nuts and bolts of the Formula's operation, and an update on the implementation status.

All three webinars will be recorded and available for viewing within 24 hours of the conclusion of each.

Please click on the link within the attached flyer to register. Please forward the information and registration links to your deans and directors.

OVERVIEW OF THE CALIFORNIA COMMUNITY COLLEGES BUDGET

The 2018 Budget Act includes targeted investments and trailer bill legislation to improve and expand student success programs for community colleges. The Trailer Bill Language statutorily establishes new education initiatives affecting colleges and students, specifically:

Student-Centered Funding Formula

The California Community Colleges (CCC) Board of Governors adopted a strategic plan, the *Vision for Success*, in July 2017. The plan calls for CCCs to significantly increase completion and transfer rates, decrease excess units taken by students, increase the number of students in Career and Technical Education programs, and eliminate achievement gaps.

According to the Governor's Budget Summary, the decades-old community colleges apportionment formula, which has based funding primarily on enrollment, does not encourage CCCs to reach their student success goals and close the achievement gaps. Instead, it has strictly encouraged districts to focus on student access only, without regard for timely completion and better serving of underrepresented students.

The State Budget establishes the new **Student-Centered Funding Formula (SCFF)** for general purpose apportionments to further accelerate improvements in student success. In reforming the funding formula, the State aims to advance the goals outlined in the *Vision for Success*. In recognition for the need to provide additional support for low-income students and reward colleges' progress on improving student success metrics, the formula includes factors focused on: **Access, Equity, and Success**.

Core features of the funding formula include the following:

Formula Structure and Transition: The SCFF will be implemented over the next three years.

In 2018-19, 70% of the funding will be distributed based on enrollment, 20% based on enrollment of low-income students, 10% based on student success metrics.

In 2019-20, 65% of the funding will be distributed based on enrollment, 20% based on enrollment of low-income students, 15% based on student success metrics.

In 2020-21, 60% of the funding will be distributed based on enrollment, 20% based on enrollment of low-income students, 20% based on student success metrics.

Details of the new formula will be discussed in the next section.

Hold Harmless Provision: In 2018-19, 2019-20, and 2020-21, no district will receive less funding than the **Total Computational Revenue** received in 2017-18, and each will receive an increase to reflect a cost-of-living adjustment (COLA). In 2021-22 and future years, districts will receive no less in apportionment funding than is currently provided.

Advisory Committee: To monitor the implementation of the funding formula, an advisory committee will be established to report back to the Legislature and Administration on potential improvements.

Notably, the bill requires districts to adopt goals that are aligned with the *Vision for Success*, by January 1, 2019. Further, it requires districts to align their Comprehensive Plans with those goals, and align their annual budgets with their Comprehensive Plans. Finally, it authorizes the Chancellor, with approval by the Board of Governors, to direct districts to use funds (no greater than 1% of the apportionment) for technical assistance or professional development.

California Online College

The Budget creates the California Online College that will provide flexible course scheduling, specialized support services, and opportunities for students who lack the time and ability to enroll in traditional classes. The Online College will be administered by the CCC Board of Governors.

The 2018 Budget Act includes \$1.2 billion in Proposition 98 augmentations for community colleges across the three-year period (2016-17 through 2018-19). Of the \$1.2 billion, \$797 million (67%) is ongoing and \$393 million (33%) is one time. In addition to the Proposition 98 increase, the Budget includes \$64 million in bond authority for community college facility projects. Major components of the 2018 Budget Act with respect to community colleges include:

Item	Budget Action	Estimated PCCD Impact to 2018-19 Adopted Budget
General Fund Apportionments Student-Centered Funding Formula	An additional \$270 million for general apportionment, with trailer bill to begin implementation of the Student-Centered Funding Formula (SCFF)	District will receive an amount equivalent to the 2017-18 Total Computational Revenue (TCR), adjusted by COLA. [Unrestricted]
Enrollment Growth	\$60 million for 1% System-wide Growth	Growth must be earned; PCCD not eligible during Restoration
COLA for Apportionments	\$173million (Statutory 2.71% COLA)	\$2.9 million [Unrestricted]
Apprenticeship Apportionment	\$19 million ongoing to fund the same level of instructional hours in 2018-19 as the estimated level in 2017-18. Additional \$37 million one-time to make up for pro-rata reductions from 2013-14 through 2017-18	\$2,077,987 [Unrestricted]
Student Success Completion Grant (SSCG)	\$41 million, Consolidated program for full-time Cal Grant B and C recipients	\$1,320,209 [Restricted]
Financial Aid Technology	\$5 million ongoing and \$14 million one time to support technology advancement and innovations in financial aid processing and management system upgrades	\$174,333 one-time and 64,569 ongoing for year 1 [Restricted]
Student Equity and Achievement	Consolidates the Basic Skills Initiative (BSI), Student Equity (SE), and Student Success and Support Program (SSSP) with the intent of supporting Guided Pathways and the system-wide goals to eliminate achievement gaps. As a condition of receiving funds, districts are required to: 1) Maintain an Equity Plan per EC 78220; 2) Provide Matriculation Services per EC 78212; and Adopt Placement Policies per EC 78213, and provide all students with an educational plan. Funding for the new program (\$475 million statewide) is based on 2017-18 allocations for the affected programs	\$5,767,785 [Restricted]
Deferred Maintenance and Instructional Equipment	\$28 million for State-Scheduled Maintenance and instructional equipment; Encumbrance Date is 6/30/2020	\$485,813 [Restricted]
California College Promise AB19 Implementation	\$46 million fee waivers for first-time full-time students	\$828,200 [Restricted]
Equal Employment Opportunity	\$2 million	\$50,000 [Designated]
Strong Workforce	\$164 million	\$1,949,002 [Restricted]
D.S.P.S.	\$120 million	\$975,846 [Restricted]
E.O.P.S.	\$128 million	\$1,150,736 [Restricted]

STUDENT-CENTERED FUNDING FORMULA

FORMULA FRAMEWORK

The new Student-Centered Funding Formula (SCFF) calculates general apportionments using three core components:

- I. Base Allocation** — This is the largest component of SCFF using existing factors, primarily FTES. In 2018-19, about 70% of the formula appropriation is distributed through this component. AB 1809 (Chapter 33 of 2018 Budget) reduces the base rates over the subsequent two years, such that roughly 60% of the formula funding will be distributed through the base allocation in 2020-21.
 - **Basic Allocation:** Calculated based on the number of colleges and state-approved centers consistent with the old formula used as of 2015-16 fiscal year. Palomar College is currently designated as a large college (>20,000 FTES) with one State approved center generating >1,000 FTES (Escondido Education Center). [ECS 84750.4(d)(1)(A)]. Data Source: Apportionment Reports
 - **Base Credit FTES Allocation:** Calculated using a three-year rolling average of funded FTES: the sum of the annually funded credit FTES from the current year, the prior year, and the year prior to the prior year, all divided by three. Credit FTES excludes FTES of Special Admit students and inmates in correctional facilities. [ECS 84750.4(2)(A)]. Data Source: CCFS-320 Attendance Reports
 - **Special Admit Students FTES Allocation:** Funded FTES generated by students who meet the requirements of Education Code Section 76002, 76003, and 76004 [ECS 84750.4 (d)(3)]. Data Source: CCCCO MIS Data Mart (August)
 - **Inmates in Correctional Facilities FTES:** Funded FTES generated by students who meet the requirements of ECS 84810.5(a) [(ECS 84750.4 (d)(3))] Data Source: CCCCO MIS Data Mart (August)

Base Allocation Metrics	2018-19 (70%)	2019-20 (65%)	2020-21 (60%)
Basic Allocation	Large College > 20,000 \$7,831,449	TBD	TBD
Base Per Credit FTES	\$3,727	\$3,387 Adjusted for COLA	\$3,046 Adjusted for COLA
Base Per Noncredit FTES	\$3,347	Adjusted for COLA	Adjusted for COLA
Base CDCP FTES	\$5,457	Adjusted for COLA	Adjusted for COLA
Special Admit Credit FTES	\$5,457	Adjusted for COLA	Adjusted for COLA
Inmates in Correctional Facilities	\$5,457/ \$3,347	Adjusted for COLA	Adjusted for COLA
Credit/Noncredit FTES			

STUDENT-CENTERED FUNDING FORMULA

II. Supplemental Allocation (20%) — This is determined by the number of students who receive a College Promise Grant or a Pell Grant (or both) or who are AB540 students. Roughly 20% of the formula is distributed through the supplemental allocation.

Each district receives the marginal funding rate per "point" based on the headcount data of the following students in the *prior year*:

- **Federal Pell Grant program recipients:** Headcount of all students in the prior year who were recipients of financial aid under the Federal Pell Grant program [ECS 84750.4(e)(2)]. Data Source: CCCCO MIS Data Mart
- **California College Promise Grant recipients:** Headcount of all students in the prior year who received a need-based fee waiver pursuant to Section 76300. [ECS 84750.4(e)(4)]. Data Source: CCCCO MIS Data Mart
- **AB540 students:** Headcount of all students in the prior year who were granted an exemption from nonresident tuition pursuant to ECS 68130.5 [ECS 84750.4(e)(3)]. Data Source: CCFS-320 Attendance Reports

Student counts are "*duplicated*," such that Districts will receive twice as much supplemental funding (\$1,838) for a student who is included in two of the categories (for example, receiving both a Pell Grant and Promise Grant).

Supplemental Allocation Metrics	2018-19 (20%)	2019-20 (20%)	2020-21 (20%)
Per Pell Grant Point	\$919	Adjusted for COLA	Adjusted for COLA
Per Promise Grant Point	\$919	Adjusted for COLA	Adjusted for COLA
Per AB540 Point	\$919	Adjusted for COLA	Adjusted for COLA

III. Student Success Allocation (10%) - The rates for this allocation is determined by distributing the remaining 10% of total system revenue available to districts based on performance in specified outcome measures as follows:

Success Outcome Measures:

- **Associate Degrees:** Count of all Chancellor's Office approved associate degrees granted (excluding associate degrees for transfer granted) based on prior year data. [ECS 84750.4(f)(1)(B)] Data Source: CCCCO MIS Data Mart (October)
- **Baccalaureate Degrees:** Count of all Chancellor's Office approved baccalaureate degrees granted based on prior year data. [ECS 84750.4(f)(1)(B)] Data Source: CCCCO MIS Data Mart (October)
- **Associate Degrees for Transfer:** Count of all Chancellor's Office approved associate degrees for transfer granted based on prior year data. [ECS 84750.4(f)(1)(C)] Data Source: CCCCO MIS Data Mart (October)
- **Credit Certificates:** Count of all Chancellor's Office approved credit certificates requiring 16 or more units granted based on prior year data. [ECS 84750.4(f)(1)(D)] Data Source: CCCCO MIS Data Mart (October)

STUDENT-CENTERED FUNDING FORMULA

Success Outcome Measures (cont.):

- **Completion of Transfer-Level Mathematics and English:** Count of all first-time students who successfully complete both transfer-level mathematics and English courses within the same district within the first academic year (summer, fall, and spring) of enrollment based on prior year data. [ECS 84750.4(f)(1)(E). Data Source: CCCC MIS *Special Data Run* (August)]
- **Successful Transfer to Four-Year University:** Count of all students who successfully transferred to a four-year university based on prior year data. [ECS 84750.4(f)(1)(F)]. Data Source: CCCC MIS *Special Data Run, Clearing House Data and CSU and UC direct match* (November)
- **Completion of Nine CTE Units:** Count of all students who successfully completed nine or more Career Technical Education (CTE) units within the same district based on prior year data. CTE courses are SAM A, B, C courses or all courses with a CTE TOP Code. [ECS 84750.4(f)(G). Data Source: Data Source: CCCC MIS *Special Data Run* (August)]
- **Regional Living Wage:** Count of all students who obtained a regional living wage within one year of community college completion based on prior year data. [ECS 84750.4(f)(1)(H)]. Data Source: CCCC MIS *Special Data Run; Insight Center for Community Economic Development Self-Sufficiency Tool* (August)

Equity Component:

- **California College Promise Grant Recipients:** Outcomes for all students who received a fee waiver pursuant to Section 76300. [ECS 84750.4(f)(2)(B)]. Data Source: CCCC MIS *Special Data Run*
- **Federal Pell Grant program recipients:** Outcomes for all students who received financial aid under the Federal Pell Grant Program. ECS 84750.4(f)(2)(B)]. Data Source: CCCC MIS *Special Data Run*

2018-19 Student Success Allocation (10%) Amounts will increase to 15% in 2019-20 and 20% in 2020-21			
Outcome Measures	All Students	Promise Grant Premium	Pell Grant Premium
Associate Degrees for Transfer	4pts — \$1,760	4pts — \$666	6pts — \$444
Associate Degrees	3pts — \$1,320	3pts — \$500	4.5pts — \$333
Baccalaureate Degrees	3pts — \$1,320	3pts — \$500	4.5pts — \$333
Credit Certificates (16+ units)	2pts — \$880	2pts — \$333	3pts — \$222
Completion of Transfer-level Math and English within first academic year of enrollment	2pts — \$880	2pts — \$333	3pts — \$222
Successful Transfer to 4-year university	1.5pts — \$660	1.5pts — \$250	2.25pts — \$167
Completion of 9+ CTE units	1pt — \$440	1pts — \$167	1.5pts — \$111
Attainment of Regional Living Wage	1pt — \$440	1pts — \$167	1.5pts — \$111

SCFF HOLD HARMLESS STABILITY PROVISIONS

The statute provides a three-year transition, such that funds would be allocated generally based on a 70-20-10 split across the three components of the new Student-Centered Funding Formula (SCFF) in 2018-19, a 65-20-15 split in 2019-20, and a 60-20-20 split in 2020-21. Further, in 2018-19, 2019-20, and 2020-21, a district would receive the greater of the formula total or the amount the district received in 2017-18, adjusted by the changes in the cost-of-living. In all years, the formula includes a "stability" provision that delays any decreases in revenues by one year.

In any given year, Palomar Community College District's funding under the SCFF would be the highest of the amounts included in the lines below:

Line	Statutory Reference: Education Code	2018-19	2019-20	2020-21	2021-22
1	ECS 84750.4(b), 84750.4(c), 84750.4(d), 84750.4(e), & 84750.4(f)	SCFF Calculation	SCFF Calculation	SCFF Calculation	SCFF Calculation
2	ECS 84750.4(g)(1)	2017-18 Total Computational Revenue (TCR)	2017-18 Total Computational Revenue (TCR)		
3	ECS 84750.4(g)(2)	N/A	N/A	2017-18 Credit, Noncredit, and CDCP Noncredit Rates, multiplied by 2020-21 FTES, with basic allocation	2017-18 Credit, Noncredit, and CDCP Noncredit Rates, multiplied by 2021-22 FTES, with basic allocation
4	ECS 84750.4(g)(4)	N/A	Greater of lines 1 or 2 as calculated in 2018-19	Greater of lines 1 or 2 as calculated in 2019-20	Greater of lines 1 or 3 as calculated in 2020-21
5	ECS 84750.4(h)	2017-18 Total Computational Revenue (TCR), Adjusted by 2018-19 COLA	2017-18 Total Computational Revenue (TCR), Adjusted by 2018-19 and 2019-20 COLAs	2017-18 Total Computational Revenue (TCR), Adjusted by 2018-19, 2019-20, and 2020-21 COLAs	

Reference: CCCC Budget Workshop, 8/15/18

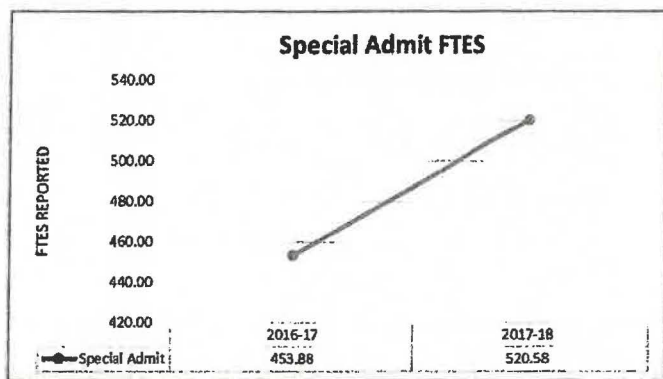
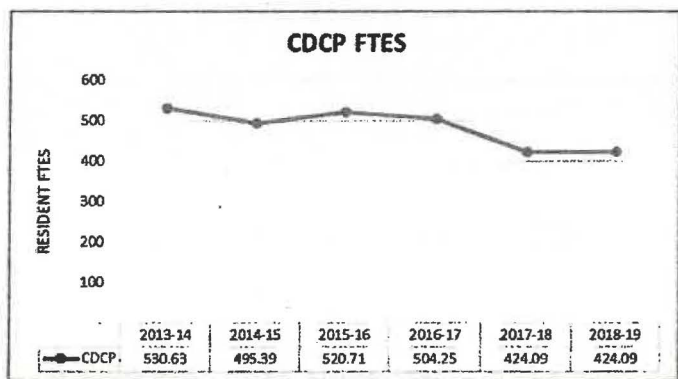
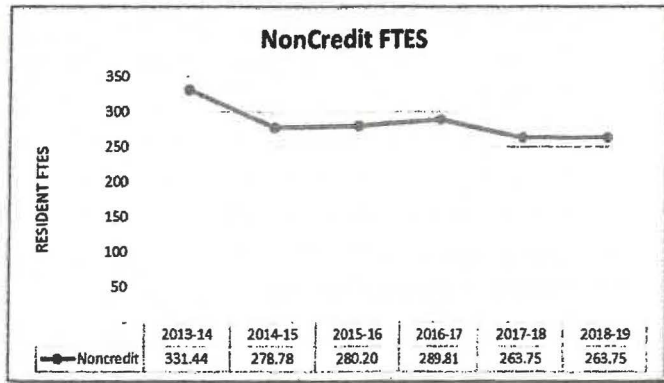
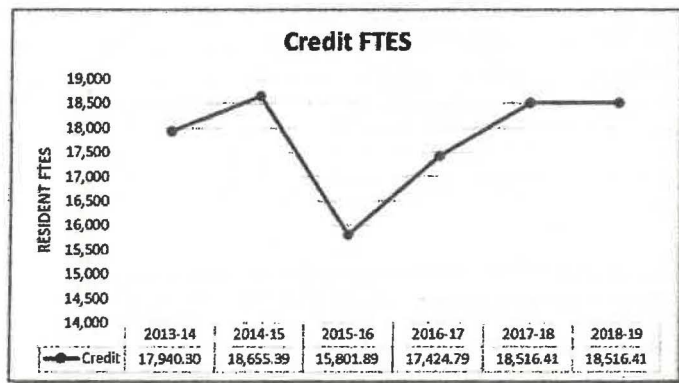
The California Community Colleges Chancellor's Office has been providing simulations and guidance, including responses to frequently asked questions, as districts transition to the new Student-Centered Funding Formula. SCFF information, including statutory language, is available at:

<http://extranet.cccco.edu/Divisions/FinanceFacilities/StudentCenteredFundingFormula.aspx>

DATA USED TO BUILD THE NEW FUNDING FORMULA

Basic Allocation Data

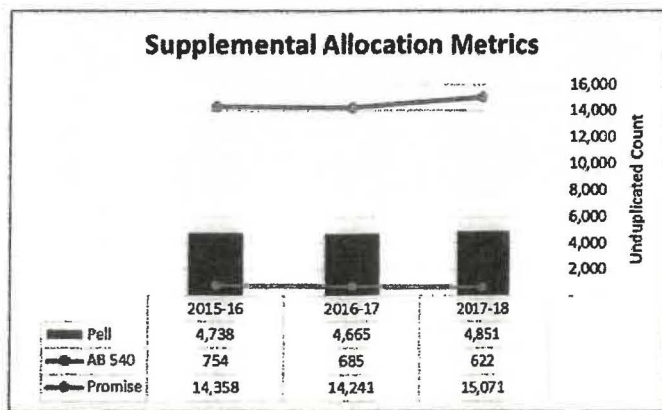
For 2018-19, the Chancellor's Office Budget Simulation calculates funding for the Credit FTES based on the average of the 2016-17 Actual FTES, 2017-18 P2 Actual FTES, and the 2018-19 Projected Actual FTES (minus 2018-19 Projected Growth FTES). To this amount projected 2018-19 Credit FTES growth is added, and the 2017-18 Credit Inmates in Correctional Facilities and Special Admit FTES is subtracted. The final value is the 3-year average used for Credit FTES funding. For Special Admit, the Chancellor's Office Budget Simulation assumes the same FTES as reported for 2016-17.



Data Source: CCFS-320 Annual Attendance Reports. FY 2013-14 through FY 2016-17 are Actual FTES, FY 2017-18 is based on P2 Second Principal Apportionment Report, and FY 2018-19 is based on Projected Actual FTES. PCCD does not have Inmates in Correctional Facilities FTES.

Supplemental Allocation Data

For 2018-19, the Chancellor's Office Budget Simulations calculate allocations by distributing the 20% of total system-wide revenue based on the unduplicated headcounts of Pell, AB540, and College Promise Grants students as reported for 2016-17. These groups represent the disadvantaged populations whom the California Community College System strives to empower.



Data Source: CCCC MIS Data Mart

DATA USED TO BUILD THE NEW FUNDING FORMULA

Student Success Allocation Data

The data used for the Student Success Allocation are the counts of outcomes related to the *Vision for Success*, with "premiums" for low-income students. For 2018-19, the Chancellor's Office Budget Simulations assume the same count of all students as reported for 2016-17. The Chancellor's Office receives annual data pertaining to these outcome measures in the fall. Apportionments will be recalculated several times during the year as information becomes available.

Most data are derived from the Chancellor's Office Management Information Systems Data Mart. Certain metrics require special data run by the Chancellor's Office that currently cannot be replicated by districts. For the Successful Transfer to Four-Year University metric, the measure considers the number of students with at least 12 units who were enrolled in 2015-16, were not found enrolled in 2016-17, and were enrolled at any four-year university in 2016-17. For the Regional Living Wage metric, the measure considers the number of transfer students who were enrolled in 2015-16, exited, and had earnings at or above the living wage for the primary county within district boundaries for one adult in 2016-17. The measure uses the Insight for Community Economic Development Self-Sufficiency Tool.

For the Equity component, the premiums consider all students who ever received Pell Grant and a California Promise Grant (or previously, a Board of Governors fee waiver) at any district. Calculation uses system-wide data, available from the Chancellor's Office from 1992 to present.

Outcome Measures	All Students	Promise Grant Premium	Pell Grant Premium
Associate Degrees for Transfer	312	217	133
Associate Degrees	1,606	1,088	692
Baccalaureate Degrees	-	-	-
Credit Certificates (16+ units)	1,635	943	588
Completion of Transfer-level Math and English within first academic year of enrollment	225	90	54
Successful Transfer to 4-year university	2,684	1,356	667
Completion of 9+ CTE units	3,377	1,638	909
Attainment of Regional Living Wage	2,165	853	340

APPORTIONMENT CALCULATION UNDER THE STUDENT-CENTERED FUNDING FORMULA

After months of uncertainty concerning the new Student-Centered Funding Formula (SCFF), the Chancellor's Office released the Budget Simulations to districts on July 27, 2018. Below is the SCFF calculation for Palomar Community College District. The result is compared to the 2017-18 TCR total. The 2017-18 TCR was based on the numbers provided on the P2 Apportionment Report, with the FTES adjusted to reflect the totals on the P3 Annual Attendance Report. The new SCFF estimate could mean \$3 million less for PCCD; however, with the Hold Harmless provision, PCCD is entitled to receive the 2017-18 TCR plus the 2.71% COLA adjustment for 2018-19. The Chancellor's Office Budget Simulations used 2016-17 data for the Supplemental and Student Success Allocations numbers. This will be updated when the 2017-18 data becomes available.

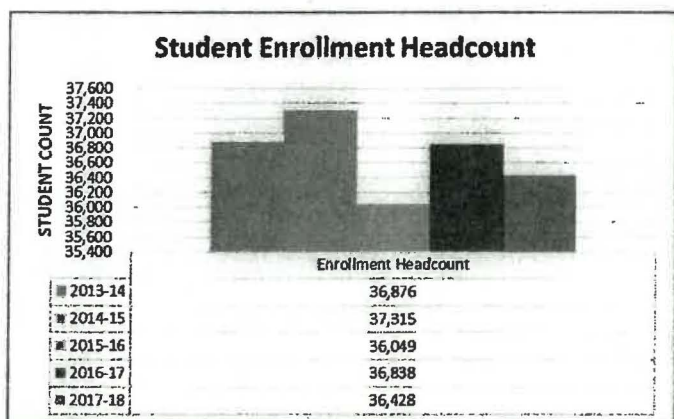
Apportionment Calculation Under the New Student-Centered Funding Formula

I. Base Allocation						Revenue
Basic Allocation						7,831,449
Base FTES	Rate	% Applicable	Funded	Fixed: Large College + 1 Educational Center		
Credit FTES	\$ 3,727	100%	17,698.66	Average of 2016-17, 2017-18, and 2018-19		
Noncredit FTES	\$ 3,347	100%	263.75			
CDCP FTES	\$ 5,457	100%	424.09			
Special Admit Students FTES Credit	\$ 5,457	100%	453.88			
Base Allocation Total Subtotal						79,488,039
II. Supplemental Allocation						
	Rate	Total Counts				
Pell Grant	\$ 919	4,665		4,287,135		
AB 540	\$ 919	685		629,515		
Promise Grant	\$ 919	14,241		13,087,479		
Supplemental Allocation Total Subtotal						18,004,129
III. Student Success Allocation						
	All Students		Pell Grant Premium		Promise Grant Premium	
	Rate	Outcome	Rate	Outcome	Rate	Outcome
Associate Degrees	\$ 1,320	1,606	\$ 500	692	\$ 333	1,088
Associate Degrees for Transfer	\$ 1,760	312	\$ 666	133	\$ 444	217
Credit Certificates	\$ 880	1,635	\$ 333	588	\$ 222	943
Nine or More CTE Units	\$ 440	3,377	\$ 167	909	\$ 111	1,638
Transfer	\$ 660	2,684	\$ 250	667	\$ 167	1,356
Transfer Level Math and English	\$ 880	225	\$ 333	54	\$ 222	90
Regional Living Wage	\$ 440	2,165	\$ 167	340	\$ 111	853
All Student Subtotal		12,004		3,383		6,185
						10,728,573
(1) 2018-19 Student-Centered Funding Formula Total (COLA)						108,200,741
Hold Harmless						3,033,102
(2) 2017-18 P3 Total Computational Revenue + 2.71% COLA						111,233,842
2018-19 TCR for Adopted Budget (greater of 1 or 2)						111,233,842
2017-18 Total Computational Revenue (TCR)						
	Credit	CDCP	NonCredit	Total FTES	2017-18 TCR	2017-18 TCR + COLA
P2 Second Principal Attendance Report	18,516.41	424.09	263.75	19,204.25	108,868,450	111,818,785
P3 Annual Attendance Report	18,403.08	422.24	276.86	19,102.18	108,268,349	111,233,842
Revenue Sources						
	Property Taxes/rollment Fee	EPA	State Apportionment	TCR - Total Revenue	TCR + COLA	
P2 Second Principal Apportionment	76,384,904	8,381,121	14,853,617	5,088,685	392,970	111,818,785
P3 Annual Report/Advance	80,607,807	8,381,121	17,348,202	4,503,742	392,970	111,233,842

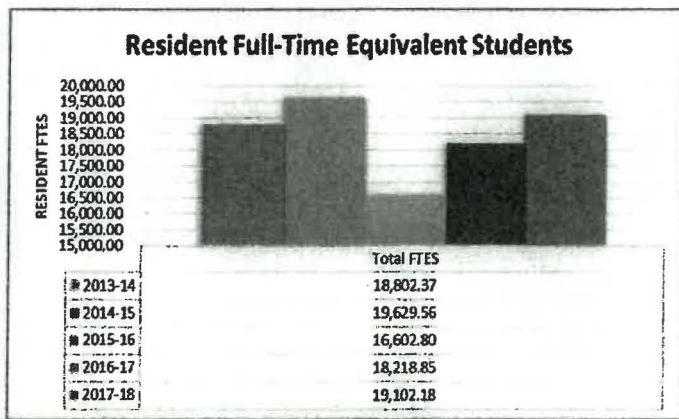
HISTORICAL TRENDS

Student Headcount

Student Headcount is an unduplicated count of students. It is the actual number of individual students enrolled. Students may enroll in one or more courses, but are counted only once for the term.



Data Source: CCCC MIS Data Mart



Data Source: CCFS-320 Annual Attendance Report

Full-Time Equivalent Students (FTES)

Historically, the funding model for California Community Colleges was predominantly based on enrollment measured in terms of Full-Time Equivalent Students (FTES). A Full-Time Equivalent Student (FTES) represents 525 class (contact) hours of student instruction/activity in credit and noncredit courses, generally 15 semester credit hours. One of the District's objectives is to achieve an enrollment to reach the State-calculated "Funded Cap," the maximum amount for apportionment. The new funding formula still supports *Access* through enrollment-based funding, but also supports *Equity* and *Success* through additional allocations. Under the SCFF, the basis of FTES funding is a 3-year average of Credit FTES. All Noncredit, CDCP, Inmates in Correctional Facilities, and Special Admit FTES are actuals from the most recent year.

Budget Stability and Restoration

Palomar Community College District is in the second year of restoration of the 3,027 FTES that were stabilized in fiscal year 2015-16. Budget Stability and Restoration are mechanisms that provide funding for a district's decline in FTES. Under California Code of Regulations Section 58776, community colleges receive "stability funding" and are held harmless from base revenue reductions during the initial year of decline in FTES. Restoration allows districts to restore FTES and earn "restoration funds" during the three years following the initial year of decline.

There remains a one-year stability mechanism in the new funding formula that is effective in year 2019-20. Stability, however, will be measured on *Total Computational Revenue (TCR)*. If a district's TCR declines in the current year compared to its TCR as calculated using the factors in the new funding formula in the prior year, the district receives the prior year TCR revenue.

Declines in FTES workload measures from prior years will still be eligible for restoration over a three-year period. Under the new formula, six additional FTES workload measures will be tracked: Credit, Noncredit, CDCP, Special Admit, and Inmates in Correctional Facilities (Credit and Noncredit).



2018-19 ADOPTED BUDGET

Tuesday, September 11, 2018



FY 2017-18 Adopted Budget vs. Unaudited Actuals

FY 2017-18	ADOPTED BUDGET	UNAUDITED ACTUALS
FUND BALANCE, BEGINNING	21,853,780	21,853,780
REVENUE	118,213,791	123,851,291
EXPENDITURE	118,745,451	118,532,297
INCREASE/(DECREASE) IN FUND BALANCE	(531,660)	5,318,994
INTERA-/INTERFUND TRANSFER IN/OUT	(2,934,964)	(5,282,304)
NET OPERATING RESULTS	(3,466,624)	36,690
FUND BALANCE ENDING	18,387,156	21,890,470
FTEs BUDGETED VS. ACTUALS (320 REPORT)	19,200	19,204

The 2018-19 Budget Overview

Item	Governor's January Proposal	Governor's May Revision	Enacted Budget	Impact to PCCD Tentative Budget
NEW Apportionment Formula	\$175M	\$175M plus \$104M one-time	\$175M plus \$35M	• Hold Harmless: PCCD will receive the 2017-18 TCR plus 2.71 COLA • \$111,233,842
Statutory COLA	\$161M (2.51%)	\$173M (2.71%)	No change	• Approx. \$2.9M to PCCD
Enrollment Growth	\$60M (1%)	\$60M (1%)	No change	• Growth must be earned. PCCD not eligible until full restoration of FTES
CA College Promise	\$46M	\$46M	No change	• Funds AB19 fee waivers for first-time, full-time students; \$828K to PCCD
Deferred Maintenance	\$275M one-time	\$23M one-time	\$28M one-time	• Reduced to fund SCFF Hold Harmless • \$485K to PCCD

The 2018-19 Budget Overview

Item	Governor's January Proposal	Governor's May Revision	Enacted Budget	Impact to PCCD Tentative Budget
Student Equity & Achievement	Consolidates SSSP/SE/Basic Skills	No Change	No Change	• \$5.7M to PCCD
Apprenticeship	\$30.6M	Adds \$5.9M for prior year RSI	\$19M ongoing and \$37M 1-time	• Funds same level of RSI in 17-18 • Funds for FY13-14 thru 17-18 reductions; \$2M to PCCD
Financial Aid Expansion	\$32.9M	Adds \$7.8M	\$5M ongoing and \$14M one-time	• Supports Technology innovations in F/A processing and system upgrades • \$174K one-time to PCCD • \$64K ongoing for year 1

Student Centered Funding Formula Framework– 2018-19

70% Base Allocation \$79,468,039	20% Supplemental \$18,004,129	10% Student Success \$10,728,573
• Basic Allocation (Large District + 1 Center) • Credit FTES Revenue (average of 3 years) • Non-Credit FTES • CDCP FTES • Special Admit Revenue	• Pell Grant recipients • CA Promise Grant recipients over 25+ • AB540 Students	• ADT (4) • AA/AS or BA/BS (3) • Credit Certificates 18+ units (2) • Transfers to 4-yr institution (1.5) • 9-CTE units Completers (1) • Regional living wage (1) • Transfer level math and English (2) • Extra points for low-income students
Access	Equity	Success

Hold Harmless Extended: 3-year formula transition and 3-year guaranteed increase in COLA

FY 2018-19 District Planning Assumptions

REVENUE ASSUMPTIONS

- **Base FTES:** 19,102 (Annual Report)
- **Target FTES:** 19,200
- **Funding Formula:** The higher of:
FY2018 TCR+COLA OR FY2019 SCFF
- **Basic Allocation:** \$7.8M (Large + 1)
- **2.71% COLA:** \$2.9M

EXPENDITURE ASSUMPTIONS

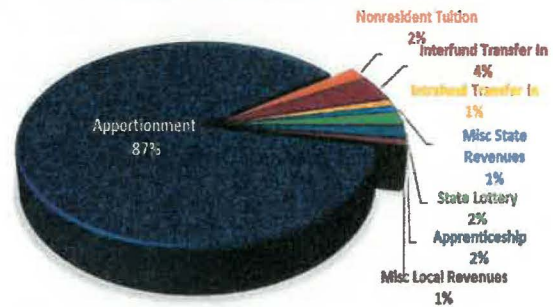
- **7% Board Reserve:** \$9M
- **Salary Expenditure Increase*:** \$6.1M
**(Reclassifications, New Hires for Centers, 2.71% COLA applied to salaries)*
- **Benefits:**
 - **STRS:** \$1.04M (Rate Increased from 14.43% to 16.28%)
 - **PERS:** \$1.3M (Rate Increased from 15.53% to 18.06%)
 - **Health & OPEB:** \$1.27M (Rate same as PY, New Hires)
- **Discretionary Budgets Reductions:** (\$858K)
- **Year 4 SERP:** \$1.27M
- **Transfer to Fund 69 OPEB:** \$3.8M
 - (Fund 69 Current Retiree OPEB Cost: \$5.8M)

FY 2018-19 Adopted Revenue Budget

FY 2018-19	REVENUE BUDGET	
APPORTIONMENT*	111,233,842	87%
APPRENTICESHIP	2,077,987	2%
NON-RESIDENT TUITION	3,020,000	2%
STATE LOTTERY PROCEEDS	2,884,402	2%
MISC. STATE REVENUES	651,815	1%
MISC. LOCAL REVENUES	1,846,070	1%
INTRA-FUND TRANSFERS-IN	1,414,389	1%
INTER-FUND TRANSFERS-IN	4,959,145	4%
TOTAL REVENUE BUDGET	128,087,650	

*TARGET FTES 19,200

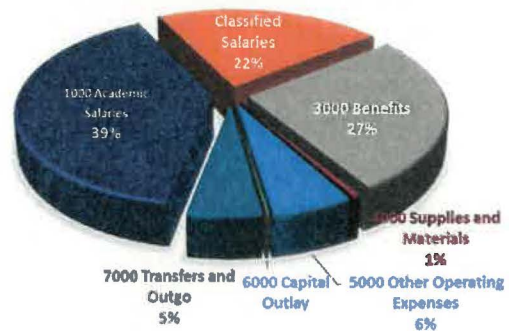
FY 2018-19 REVENUE BUDGET



FY 2018-19 Adopted Expenditure Budget

FY 2018-19	EXPENDITURE BUDGET	
1000 ACADEMIC SALARIES	52,108,537	39%
2000 CLASSIFIED SALARIES	28,504,546	22%
3000 EMPLOYEE BENEFITS	35,627,146	27%
4000 SUPPLIES	776,395	1%
5000 OTHER OPERATING EXPENSES	7,457,711	6%
6000 CAPITAL OUTLAY	244,244	0%
7000 TRANSFERS AND OUTGO	7,011,279	5%
TOTAL EXPENDITURE BUDGET	131,729,858	

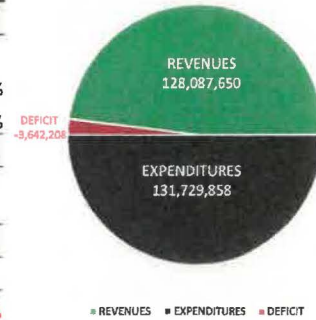
FY 2018-19 EXPENDITURE BUDGET



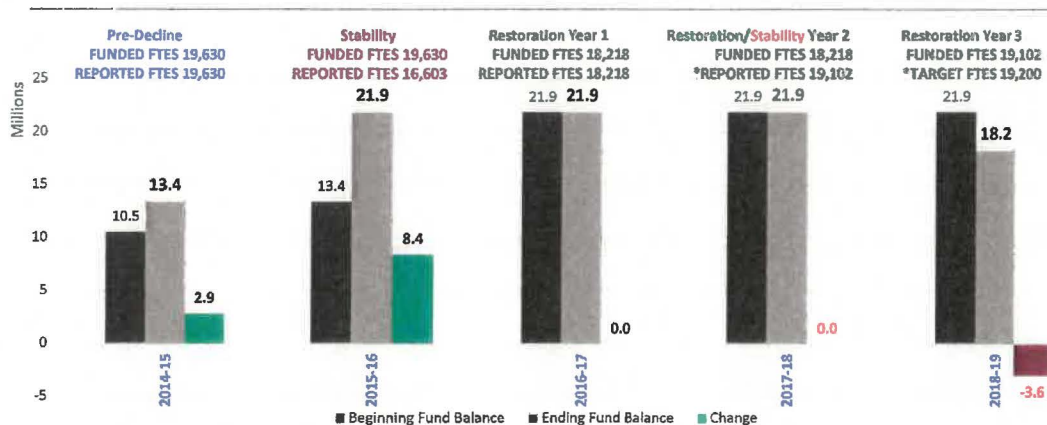
FY 2018-19 Fund Balance

FUND BALANCE	FY 2017-18 UNAUDITED ACTUALS	FY 2018-19 ADOPTED BUDGET	% CHANGE
FUND BALANCE, BEGINNING JULY 1	21,853,780	21,890,470	
REVENUE BUDGET	123,851,291	121,714,116	-1.7%
EXPENDITURE BUDGET	118,532,297	124,718,579	5.2%
INCREASE/(DECREASE) IN FUND BALANCE	5,318,994	(3,004,463)	
NET OF INTRA/INTERFUND TRANSFER	(5,282,304)	(637,745)	
NET INCREASE/(DECREASE) IN FUND BALANCE	36,690	(3,642,208)	
FUND BALANCE, ENDING JUNE 30	21,890,470	18,248,262	-16.6%
% OF FUND BALANCE OVER EXPENDITURES	18%	15%	
REQUIRED 7% BOARD RESERVE	7%	7%	
BUDGETED FTES	19,200	19,200	

FY 2018-19 ADOPTED BUDGET



Fund Balance History



General Fund Operating Budgets - Comparison

• City of Oceanside	\$151.7M
• Palomar Community College District	\$150.0M
• City of Escondido	\$107.0M
• City of Vista	\$78.6M
• City of San Marcos	\$77.0M
• City of Temecula	\$76.0M
• City of Poway	\$51.5M

Ending Fund Balance Over Expenditures Region 10 Comparison (FY 2016 – 17)

• Mira Costa Community College District	\$26.9M	25.4%
• San Diego Community College District	\$25.3M	9.3%
• Palomar Community College District	\$21.8M	18.7%
• Grossmont/Cuyamaca Community College District	\$13.4M	12.0%
• Southwestern Community College District	\$12.5M	13.7%
• Imperial Valley Community College District	\$9.4M	23.3%

Meet District's Obligations and Commitments



Special Thanks

