



## Updates on the Student Centered Funding Formula

The Chancellor's Office is responsible for successfully implementing the Student Centered Funding Formula (SCFF). The SCFF funds districts using a base allocation tied to enrollment, a supplemental allocation to benefit high-needs students, and a student success allocation based on outcomes.

### **The SCFF directs state funds consistent with the *Vision for Success* and creates stronger financial incentives to support implementation of Guided Pathways.**

- Our goals have been to 1) invest in progress toward the *Vision for Success*, 2) ensure that students who have faced barriers to success have additional support, and 3) make resources most useful to districts by making them stable, predictable, and flexible.
- Governor Brown's administration worked with the Chancellor's Office to design the SCFF to reinforce the significant reforms initiated in recent years, with consideration of the insights from the research on higher education funding formulas in other states. Most notably, we built measures of access and success of high-needs students directly into the formula—a response to concerns that colleges would work only to enroll and graduate students with characteristics that suggest they are likely to succeed.
- The SCFF's structure emphasizes the need for districts to have sufficient time to respond to these incentives. It commits that all districts will receive at least their 2017-18 revenues, adjusted by changes in the cost-of-living, during a multi-year transition period.

### **The 2019-20 budget amended the SCFF's structure to create longer-term stability and clarify the outcomes we want to encourage.**

- The changes moderate the transition by calculating funding rates so that, in 2019-20, 70 percent of funds would be allocated for the base allocation, 20 percent for the supplemental allocation, and 10 percent for the student success allocation. These rates would simply grow by cost-of-living adjustments (COLA) beginning in 2020-21.
- Second, for the student success allocation, the SCFF now:
  - Counts only the highest of the degrees and certificates a student earned in a year and counts an award only if the student was also enrolled that year. These changes respond to concerns that counting each award weakens incentives for colleges to implement guided pathways, instead possibly extending students' enrollment to generate redundant awards. These changes help colleges keep students' needs in mind by encouraging timely awarding of the credentials students earned.
  - Defines a transfer student as one who completed at least 12 units in the district and subsequently enrolled in a four-year university to better identify students who start in the community colleges with the goal of transferring to earn a bachelor's degree.
  - Uses three-year averages of the factors for year-to-year stability in allocations.
- Finally, the budget extends the minimum revenue provision so that districts will receive at least their 2017-18 revenues, adjusted by COLA, through 2021-22. This one-year extension recognizes the significant work required at the Chancellor's Office and at the colleges to put the formula in place in 2018-19.



**As a system, we must work to advocate both for full funding of the SCFF and for recognition of much greater needs of California’s community college students—including the historic lack of resources for the state’s low-income and first-generation college students.**

- The law charges an SCFF Oversight Committee appointed by the Governor and Legislature with ongoing monitoring of the formula and continuing review of key policy questions. It will make recommendations:
  - By January 2020, on whether, and possibly how, districts should receive additional funds based on measures related to a student’s status as a first-generation college student, a student’s financial need (with emphasis on measures that consider differences in costs across regions), and a student’s academic proficiency.
  - By June 2021, on funding for noncredit courses and instructional service agreements and methods by which allocations could be adjusted in a recession.
- Throughout implementation, the Chancellor’s Office has relied on advice from the Advisory Workgroup on Fiscal Affairs, coordinated with the CEO Funding Formula Taskforce, and supported the work of the SCFF Oversight Committee. This work will continue to require the efforts on the part of many. Through these interactions, our goal has been to identify issues, engage in consultation, and evaluate alternatives.
- Colleges have been understandably concerned that in 2018-19 funds appropriated for the SCFF were insufficient to support its costs. This required the Chancellor’s Office to determine how to manage the apportionment of funds within available resources. Following consultation with the Department of Finance and legislative staff, our highest priority has been to apportion to all districts at least their 2017-18 revenues, adjusted by COLA, maintaining that commitment of minimum revenues. The impact of the revenue shortfall was felt most acutely by those districts that would have seen the most significant year-over-year gains in transitioning to the SCFF. Using our most recent estimates, the Governor and Legislature would need to appropriate an additional \$103 million for 2018-19 to fully fund all districts.
- We must join together to advocate for a clear message: each year, the SCFF must be fully funded. This will require greater commitments of funds on the state’s part. It also requires changes in processes, so that adjustments can be made to state appropriations based on revised estimates of SCFF costs and revenues. That is, if costs are higher than budgeted or if offsetting revenues are lower than budgeted, appropriations must increase. Mid-year changes—like those many districts experienced this year—disrupt educational programs and create long-term challenges for districts’ fiscal health.
- We must also create urgency around a bigger picture. Per-student revenues for the CCC remain far lower than those for the University of California, the California State University, and the state’s K-12 schools. In the Local Control Funding Formula, the state acknowledged that students who have faced the greatest barriers to success require additional resources to achieve the state’s goals. Yet, after high school, many will attend community colleges where they will have less access to resources than their typically more-advantaged peers. We must strongly advocate for additional resources to allow our colleges to meet the needs of the state and achieve the *Vision for Success*.