BUDGET 101

Brought to you by your local Budget Advisory Committee

Traditional Funding vs Basic Aid

Community Colleges receive revenue from 3 main sources:

1) student enrollment fees
2) property taxes
3) state apportionment

The state calculates an "entitled" amount of revenues called the **Total Computational Revenue (TCR)** for colleges based on full-time equivalent students, size of the college, and other factors.

The state determines how much revenue they will apportion to a community college district by subtracting collections of student enrollment fees and property taxes from the TCR.

For example, if based on enrollment, the size of the college, and other factors, assume a community college district is entitled to $50M as per the state's TCR formula.

Traditional Funding: If a community college district collects $8M in enrollment fees and collects $22M in property tax revenues, then the state would apportion the community college district $20M, the difference between $50M entitled minus and $30M collected in student enrollment fees and property tax revenues. Most community colleges fit this scenario with varying degrees of student enrollment fees and property taxes collected, and are often referred to as apportionment districts.

Basic Aid: In the example where a community college district is entitled to $50M based on the same enrollment, size of the college, etc., but who has collected $8M in enrollment fees and $80M in property tax revenues, thus exceeding the entitled $50M TCR amount, that district doesn't receive apportionment from the state. These districts are often referred to as **Basic Aid Districts (old term) or Community Supported Districts (new term).**

Full-Time Equivalent Student (FTES)

Community colleges are funded by the state based on the concept of **full-time equivalent student (FTES).**

FTES is not "headcount enrollment," but is the equivalent of 525 hours of student instruction per each FTES.

Basically, an FTES was theoretically derived by considering that one student could be enrolled in courses for 3 hours a day, 5 days a week, for an academic year of 35 weeks---so basically, a total of 525 hours per one FTES (3 x 5 x 35 = 525)

FTES is calculated by dividing the total college student contact hours eligible for funding by 525.

In 2017/18, SRJC generated 17,900 FTES

Sources: http://extranet.cccco.edu/Portals/1/CFFP/Fiscal_Services/Attndc_Acctg/General/PRIMER_ON_COMPUTING_FTES_3.pdf
https://visionresourcecenter.cccco.edu/sites/default/files/asks/SEMBasicsCCFunding.pdf

Census and FTES

- Census dates help determine class attendance which is then used in the FTES calculations.
- For full-length semester courses, census week is the week nearest to one-fifth of the number of weeks in the term.
- Census day is Monday of census week, but may not occur earlier than the third week of a full-length semester course.
- For courses that are less than full-term or meet irregularly, census day is the day that is nearest one-fifth of the number of days the course is scheduled to meet.
- For short courses, if census falls on the first day of the course, census will be on the second day.

How are FTES Generated?

- How much FTES is generated by this sample schedule (current formula)?

- How many units does it take to make 1 FTES?
  - For every 1 student who takes a 3 unit lecture class = .1 FTE

- If our average student is taking 12 units of lecture, what does it take to generate 100 FTES?

  Solve:

  15 hrs. X 35 weeks = 525 hrs. = 1 FTES

  12 hrs. X 35 weeks = 420 hrs. = .8 FTES

It would take 125 students taking 12 units to generate 100 FTES

(125 students x 12 hours = 1,500 hours x 35 weeks = 52,500 hours = 100 FTES)

FTES Credit Lecture Example

Fall 2018 Classes	Schedule	Credits	Contact Hours (from COR)	FTES
COMM 60	MW 12:00 – 1:30pm	3	52.5	.1
RELS 1	TuTh 12:00 – 1:30pm	3	52.5	.1
BNG 71	Online	3	52.5	.1
PSYCH 1A	Online	3	52.5	.1
ENG 1B	MW 9:00 – 10:30am	3	52.5	.1
Blank	Total:	15	262.5	.5

Spring 2019 Classes	Schedule	Credits	Contact Hours (from COR)	FTES
COMM 10	MW 9:00 – 10:30am	3	52.5	.1
BNG 112	Online	3	52.5	.1
BMG 52	W 6:00 – 9:00pm	3	52.5	.1
PSYCH 3	Online	3	52.5	.1
HIST 1.1	MW 12:00 – 1:30pm	3	52.5	.1
blank	Total:	15	262.5	.5

FTES Credit More Realistic Example

Fall 2018 Classes	Schedule	Credits	Contact Hours (from COR)	FTES
4 Unit Lecture	MW 10:00 – 12:00pm	4	70	.133
1.5 Unit Lab/Lecture	TuTh 10:30am – 12:00pm	1.5	52.5	.1
5 Unit Lecture	TuTh 2:30 – 5:00pm	5	87.5	.167
3 Unit Lab/Lecture	TuTh 7:00 – 10:00pm	3	105	.2
	Total:	13.5	315	.6

Spring 2019 Classes	Schedule	Credits	Contact Hours (from COR)	FTES
3 Unit Lecture	MW 9:00 – 10:30am	3	52.5	.1
5 Unit Lab/Lecture	MW 12:00 pm - 1:30 pm W 2:00 pm - 3:00 pm W 3:00 pm - 6:00 pm	5	122.5	.23
4 Unit Lecture	TuTh 5:00 – 7:00pm	4	70	.13
	Total:	12	245	.46

FTES by Class

Fall 2018 Classes	Enrollment	Contact Hours (from COR)	FTES
1.5 Unit Lab/Lecture	30	52.5	3
3 Unit Lecture	30	52.5	3
3 Unit Lab/Lecture	30	105	6
4 Unit Lecture	30	70	3.99
5 Unit Lecture	30	87.5	5.01

Fall 2018 Classes	Enrollment	Contact Hours (from COR)	FTES
1.5 Unit Lab/Lecture	22	52.5	2.2
3 Unit Lecture	22	52.5	2.2
3 Unit Lab/Lecture	22	105	4.4
4 Unit Lecture	22	70	2.93
5 Unit Lecture	22	87.5	3.67

What are Additional FTES Types?

- CDCP = Career Development and College Preparation Courses
- Special Admit = High School Students
- Incarcerated Students = Credit or Noncredit courses taught in correctional facilities

CDCP = Career Development and College Preparation

- CDCP Noncredit FTES is generated by Noncredit courses that are eligible to receive an enhanced noncredit rate because they are part of a program or sequence of courses approved by the Chancellor's Office pursuant to Title 5 Section 55151.

- As provided by Title 5 Section 55151, these **CDCP noncredit courses must result in a noncredit certificate of completion** leading to improved employment or a noncredit certificate of competency in a recognized career field articulated with degree applicable coursework.

Are All FTES Funded at the Same Rate?

Base Allocation (per FTES)	Prior to 2018	2018-19	2019-20
Credit FTES[a]	$5,151	$3,727	$3,856
Credit FTES of special admits	5,151	5,457	5,646
Credit FTES of inmates in correctional facilities	5,151	5,547	5,646
Noncredit FTES	3,097	3,347	3,463
CDCP noncredit FTES	5,151	5,457	5,646

Under the new funding formula FTES for certain student populations/programs are funded at higher rates as an incentive for colleges to increase services for those populations/programs.
(highlighted above are Credit FTES of Special Admit, Credit FTES of inmates in correctional facilities, and CDCP Noncredit FTES)

Source: http://extranet.cccco.edu/Portals/1/CFFP/Fiscal/Budget%20News/2019-20/UpdateGovBudget-011019-Final.pdf

How is FTES Calculated for Noncredit Courses?

Noncredit courses are calculated based on **positive attendance hours** taken during each class.

FTES calculation for Positive Attendance classes
(Total "perfect attendance" hours x Decimal Percent of "perfect attendance")/ 525

Example for class with 30 students meeting a total of 3 hours/week for 17.5 weeks with reported attendance hours at 90% of "perfect attendance"

1) (30 students x 3 hours x 17.5 weeks) = 1575 perfect attendance hours
2) 1575 x .9 (reported attendance) = 1417.5 actual attendance hours
3) 1417.5 / 525 = 2.7 FTES

Performance Based Funding Background

Motives Behind PBF?

Due to increased pressure from legislators and stakeholders, states have established performance-based funding models that incentivize colleges to improve student outcomes and completion rates (Pierce, 2018).

Supporters of PBF

- 2006 Spellings Commission
- 2013 President Obama
- Complete College America
- Bill and Melinda Gates Foundation
- Lumina Foundation

Evolution of PBF

- PBF 1.0 - Tennessee 1979
- PBF 2.0 - Ohio & Indiana 2009
- PBF 2.0+ - California 2018

PBF Studies Results

- Studies are inconclusive
- Consequences of PBF are not always positive (unintended consequences).
- Policy & funding misalignment
- Too many uncontrolled variables/initiatives occurring at the same time.

California Community College Funding Model

Area	Pre 2018	2018-19	2019-20	2020-21
ACCESS: FTES / Basic Allocation	100%	70%	65%	60%
EQUITY: Supplemental Allocation	0	20%	20%	20%
SUCCESS: Student Success Allocation	0	10%	15%	20%
Total:	**100%**	**100%**	**100%**	**100%**

What is the “Access” Allocation?

The **"Access"** or Base Allocation, will comprise 60% of total system wide funding and is determined by overall district enrollments and size.

It is the sum of the Basic Allocation funding (derived from the number of colleges and centers in a district as well as its size), and the funding for Credit, Noncredit, CDCP (Career Development/College Prep), Incarcerated and Special Admit enrollment FTES.

Under the new formula the basis of FTES funding is a 3-year average for Credit FTES, and actual FTES for Noncredit, and CDCP. For future projections, Projected Growth FTES is added in.

The 3-year average for Credit FTES is used to financially protect districts from large enrollment swings and unexpected economic downturns. It is also used to increase district stability and predictability in planning, program implementation, and budgeting.

What is the Equity Supplemental Allocation?

The supplemental allocation to districts is based on their unduplicated headcounts of the students under the following categories:

- Students awarded Pell grants (used as a low-income indicator)
- Undocumented students eligible as AB540 (graduated from a CA high school)
- Promise Grant (free CA Community College tuition & low-income indicator)

All groups were funded at a rate of $1,526 per student in 2018-19 projections

What is the Success Allocation?

The success allocation to districts is based on student achievement of these outcomes:

1. Associate degree for transfer (ADT)
2. Associate degree
3. Baccalaureate degree
4. Credit certificate requiring 16 or more units
5. Transfer-level math and English courses completed within the student's first academic year of enrollment
6. Transfer to a four-year university
7. Nine or more career education units completed
8. Regional living wage obtained within one year of community college completion

Funding Formula Success Allocation Amounts

Measure	Baseline	Additional for Pell Grant Recipients	Additional for California College Promise Grant Recipients
Associate degree for transfer	$ 1,760	$ 666	$ 444
Associate degree	1,320	500	333
Baccalaureate degree	1,320	500	333
Credit Certificate requiring 16 or more units	880	333	222
Transfer-level math and English courses completed within the student's first academic year of enrollment	880	333	222
Transfer to a four-year university	660	250	137
9 or more career education units completed	440	167	111
Regional living wage obtained within one year of community college completion	440	167	111

How Does the SRJC Allocation Change Under the New Formula Versus the Old Formula?

18/19 Simulations show:

- Under the old Formula, the District was entitled to Total Computational Revenue (TCR) of $107 million
- Under the new funding formula, for 18/19, the District would have been entitled to TCR of $103.5 million (in the absence of the fire waiver)

What the New Funding Formula Aims To Do?

In conjunction with the Chancellor's Vision for Success, and AB 705, the new funding formula aims to:

1. Raise completion/output rates (passing grades, certificates, degrees, transfers, etc.)

2. Cut costs per completion/output (create new "efficiencies")

3. Achieve "equity" in completion/output rates for students from historically underrepresented groups.

Potential Problems from the New Funding Formula:

Performance Based Funding is a funding model used in over half the states. However, it may have some potential issues.

- It might not help raise completion/output rates (see "Why Performance-based Funding Doesn't Work," by Nicholas Hillman, The New Century Foundation); or the May 16, 2018 California Assembly Subcommittee on Education Finance report on the new funding formula, which notes, among other things, that there is "little evidence that performance funding has been effective in improving outcomes."

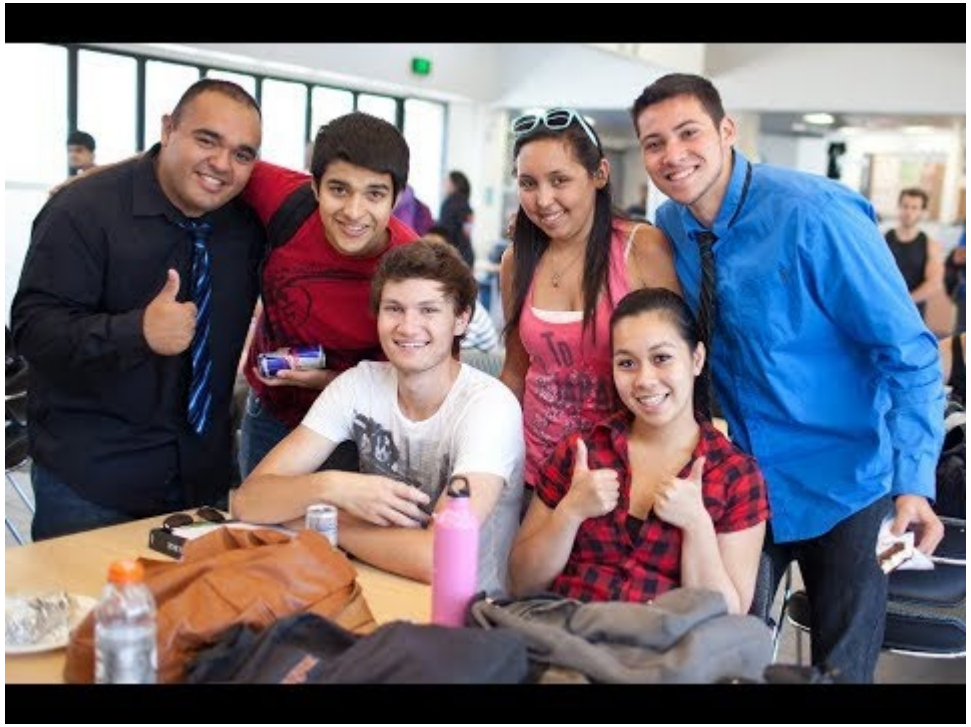
- It might not help cut cost per completion, since its aim to do so depends on raising rates of completion (see above), while maintaining overall costs, thus cutting cost per output.

- If it does help raise rates and cut costs per completion, it might not achieve equity in completion rates.

- If it does raise rates and cut costs per completion and achieve equity in completion rates, this might turn out not only not to be meaningful equity, but a new historical inequity.

https://tcf.org/content/report/why-performance-based-college-funding-doesnt-work/?agreed=1&agreed=1

How are FTES Generated?



Definition:

The state provides through the annual budget process additional funds for highly specialized student support programs (known as categorical programs) that serve specific campus needs or specific student groups.

Source:
http://extranet.cccco.edu/Portals/1/CFFP/Fiscal/Budget%20News/Overview_of_Categorical_Programs_11-12_GB.pdf

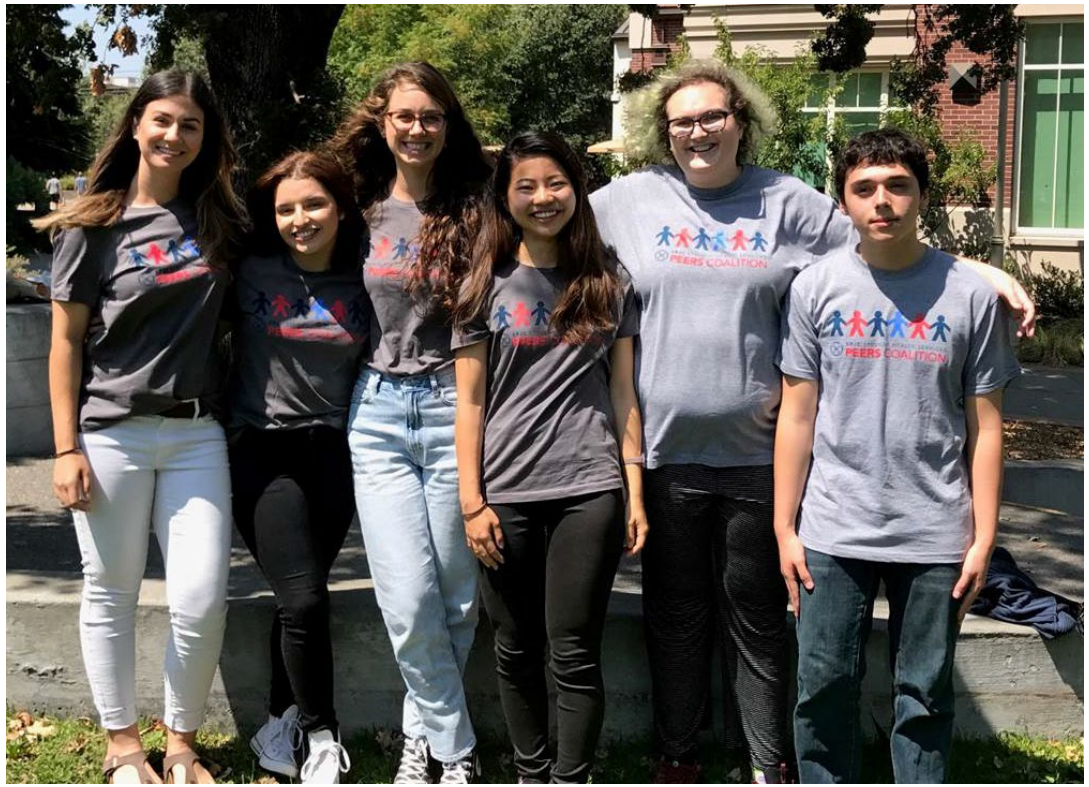
Types of Categorical & Grant Funding

Categorical Funding:

- Chancellor's office
  - Extended Opportunity Programs & Services (EOPS), Disabled Student Programs & Services (DSPS), CalWorks, Student Equity & Achievement (SEA), Board Financial Assistance Programs (BFAP), Career Education (CE)/Strong Workforce
- State of California
  - Adult Education (regional Collaborative)

Grant Funding:

- Federal Government
  - Grants: Hispanic Serving Institution (HIS)/Title V, High School Equivalency Program (HEP), TRiO Student Support Services (HOPE)
- Chancellor's Office
  - Math, Engineering, Science Achievement (MESA)
- Sonoma County
- Foundation Grants
  - Rupe Foundation, Kaiser



How Much Categorical and Grant Funding are we Receiving Annually?

- State restricted funds: $22,414,306
- Federal grants: $2,808,506
- Indirect: $297,510

Limitations:

- Targeted funding for special populations and projects, limit discretionary spending.
- Cannot supplant current positions.
- Dependent upon state, federal and local government budgets and government priorities for continuation.
- Must adhere to State and Federal codes (ed code) for program delivery and standards.
- Requires annual reporting to funder on how funds were spent, goals met, and objectives achieved.
- Grants are competitive and not guaranteed funding.
- Grants are time bound, usually 1 – 5 years.

Questions?