Review of SB361 & New Funding Formula

District Budget Committee

Current Funding Model

Proposed New Funding Formula
Current Funding Model

- Proposition 98
- SB 361 Funding Allocation Model
Proposition 98

The Basics

The Shell Game
California voters enacted Proposition 98 in 1988 as an amendment to the State Constitution. This measure, which was later amended by Proposition 131, establishes a minimum annual funding level for K-14 schools (K-12 schools and community colleges)

- Community college system receives approximately 11% share of Prop 98 revenues
- Minimum Guarantee??
  - Not really
  - The Legislature has complete discretion on how it spends monies on K-14
- Not enough funding for K-14 (Deficit Factor)
The Shell Game

- Unrestricted
- Categorical
- Special Programs (i.e. Guided Pathways)
SB 361

- Adopted in 2006
- Districts to receive an annual allocation based on the number of colleges and comprehensive centers in the district, plus funding received based on the number of credit and noncredit Full-Time Equivalent Student (FTES)
  - Base Allocation
  - FTES Funding
- New Equalized Non-Credit as of 2016-2017
  - Career Development/College Prep (CDCP)
Funding Example Based on SB 361

- Base Allocation
  - >10,000 FTES Multi-College
  - <10,000 FTES Multi-College

- FTES Funding
  - Credit FTES
  - Noncredit FTES
## College/Center Base Funding Rates (Current Year FTES Thresholds)

### Multi-College District Funding Rate: Total FTES

<table>
<thead>
<tr>
<th>Rural</th>
<th>&gt;20000</th>
<th>&gt;10000</th>
<th>&lt;=10000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,160,881</td>
<td>$4,866,469</td>
<td>$4,258,160</td>
<td>$3,649,851</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Colleges</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Colleges Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
</tr>
</tbody>
</table>

### State @ FTES Levels

<table>
<thead>
<tr>
<th>State</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;=100</td>
<td>$0</td>
</tr>
<tr>
<td>&gt;250</td>
<td>$152,077</td>
</tr>
</tbody>
</table>

### Centers: @ Total FTES

<table>
<thead>
<tr>
<th>Centers</th>
<th>Total</th>
<th>Grandfathered or Previously Approved Centers</th>
<th>Total Basic Allocation Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td><strong>$7,908,011</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Centers Revenue</th>
<th>Total</th>
<th>Grandfathered or Previously Approved Centers Rev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Workload Measures</td>
<td>Base Funding</td>
<td>Marginal Funding</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Credit FTES</td>
<td>5,072,111,797</td>
<td>5,151,236,729</td>
</tr>
<tr>
<td>Noncredit FTES</td>
<td>3,050,003,561</td>
<td>3,097,546,616</td>
</tr>
<tr>
<td>CDCP FTES</td>
<td>5,072,111,786</td>
<td>5,151,236,729</td>
</tr>
<tr>
<td>Total FTES</td>
<td>15,768,330</td>
<td>284,636</td>
</tr>
</tbody>
</table>

I. Base Revenues +/- Restore or Decline

A. Basic Allocation $7,908,011
B. Revised Base FTES Revenue $73,736,491
   1. Credit Base Revenue $75,526,402
   2. Noncredit Base Revenue $271,299
   3. Career Development College Prop $0
C. Current Year Decline $0
   Total Base Revenue Less Decline $87,706,412

II. Inflation Adjustment

A. Statewide Inflation Adjustment 1.56%
B. Inflation Adjustment $1,368,220
   Current Year Base Revenue + Inflation Adjustment $89,074,632

III. Basic Allocation & Restoration

A. Basic Allocation Adjustment $0
B. Basic Allocation Adjustment COLA $0
C. Stability Restoration $0
   Total Basic Allocation & Restoration $0

IV. Growth

A. Target Growth Rate 1.91%
   Total FTES $1,462,922

V. Other Revenue Adjustments

A. Misc. Revenue Adjustments $0
B. Full-Time Faculty Hiring (FTFH) Adjustments ($32,960)
   C. Base Increase (FTFH) $23,343
   D. Base Increase (Non-FTFH) $2,458,790
   Total Revenue Adjustments $2,449,173

VI. Stability Adjustment $0

VII. Total Computational Revenue (sum of II, III, IV, V, & VI) $92,986,727

VIII. District Revenue Source

A1. Property Taxes $24,575,652
A2. Less Property Taxes Excess $0
B. Student Enrollment Fees $5,090,516
C1. State General Appropriations $49,170,554
C2. Full-Time Faculty Hiring $874,792
D. Estimated EPA $11,312,904
Available Revenue $1,624,458
E. Revenue Shortfall 0.9853494252 $1,362,309
   Total Revenue Plus shortfall $92,986,727

IX. Other Allowance and Total Appropriations
### SB 361 Major Issues & Next Steps

#### Per-Student Funding by Education System, 2016-17 (est.)

(Includes General Fund, local property taxes, and tuition and fee revenue net of discounts. Includes support for local assistance, state operations, and state-funded retirement contributions and debt service. CCC rates include Adult Education Block Grant funding which accounts for $430 per FTE student in 2016-17.)

<table>
<thead>
<tr>
<th>Institution</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-12</td>
<td>$11,601</td>
</tr>
<tr>
<td>California Community Colleges (CCC)</td>
<td>$7,949</td>
</tr>
<tr>
<td>California State University (CSU)</td>
<td>$14,723</td>
</tr>
<tr>
<td>University of California (UC)</td>
<td>$26,391</td>
</tr>
</tbody>
</table>
More on SB 361

- Higher Property Taxes = More funding?
  - No, Property Taxes are an offset to Entitlement
- Higher Tuition = More funding?
  - No, Tuition is an offset to Entitlement
- However, these two could decrease or eliminate Deficit Factor
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Base Grants (50% of formula)
- District base grants based on FTES enrollment.
- Non-credit is a component of FTES enrollment

Supplemental Grant (25% of formula)
- Supplemental grants based on the number of low-income students that the district enrolls reflecting two factors:
  1) Enrollment of students who receive a College Promise Grant fee waiver (formerly known as the BOF Waiver) and
  2) Enrollment of students that receive a Pell Grant.

Student Success Incentive Grant (25% of formula)
- Additional funding for:
  1) The number of degrees and certificates granted
  2) The number of students who complete a degree or certificate in 8 years or less
  3) Funds for each Associate Degree for Transfer granted by the college

Hold Harmless Provision
- During the first year of implementation, districts would be held harmless to 2017-18 levels.
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