



Fiscal Services Update: New Student Centered Funding Formula



Jose Torres, Executive Vice Chancellor

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The State Chancellor’s Office has released simulations for the new Student Centered Funding Formula. The revised proposal adjusted the percentage split among the three funding elements from 60-20-20 to 70-20-10 as noted below; however, the final split will be 60-20-20 with a 3-year implementation. The formula was also amended to include a new permanent “stability” provision, which specifies that a district would receive the greater of its past year or current year funding.

Base Grants (70% of formula)

District base grants based on FTES enrollment:

- Funds FTES and basic allocation consistent with the existing system
- Uses a three-year FTES average
- Funds basic allocation at current rates
- Proposes elimination of “summer shifting”

Supplemental Grant (20% of formula)

Supplemental grants based on the number of low-income students that the district enrolls reflecting three factors:

- 1) Enrollment of students who receive a College Promise Grant fee waiver (formerly known as the BOG Waiver), a
- 2) Enrollment of students that receive a Pell Grant, and
- 3) The number of AB 540 students

The rates for this criteria would be determined by dividing the total available funding by the number of students for items 1, 2 and 3 above.

Student Success Incentive Grant (10% of formula)

The funding rates for this criteria would be based on a calculation of “points” as follows:

- Completion of an associate degree for transfer (ADT) (4 points)
- Completion of an associate degree or California community college baccalaureate degree (3 points)
- Credit certificates 16 units or greater (2 points)
- Completion of both transfer-level Mathematics and transfer-level English within the first year of enrollment (2 points)
- Transfer to four-year institution (1.5 points)
- Completion of nine career technical education (CTE) units (1 point)
- Attainment of a regional living wage after one year of completion (1 point)

Stability Provision

The new funding formula was also amended to include a new permanent “stability” provision, which specifies that a district would receive the greater of its past year or current year funding.



Overall Observations

- The formula will be implemented in 3 years by reducing the Base Grant 5% per year while increasing the Student Success Incentive 5% per year. 2019-20 will have a 65-20-15 split. In 2020-21, the final year of implementation, the formula will be based 60% for Base Grants, 20% for Supplemental Grants and 20% for Student Success Incentive.
- The funding formula will provide additional resources to SBCCD in the initial year of implementation; however, the effect in future years, as the Base Component (FTES) is decreased 5% per year and the Student Success Incentive component is increased by 5% per year, is currently unknown.
- The formula has shifted the way SBCCD is funded and the existing Resource Allocation Model (RAM) will need to be adjusted. District Support Services will be working through the District Budget Committee in the upcoming year regarding the implementation of this formula.
- The attached spreadsheet provides a simulation with the current data; however, **this is not the final budget**. The State Chancellor will update the supplemental and student success incentive components with 2017-18 data in the upcoming months.

Next Steps

- Staff will continue to learn about the new funding formula by attending the August 15 budget workshop.
- Members of the District Budget Committee will review the new formula and provide recommendations to Chancellor's Cabinet regarding the revision of SBCCD's RAM.
- Chancellor's Cabinet will make a final recommendation to the Board of Trustees for the 2018-19 Final Budget.