

# Proposed Revised Growth Funding Model

June 11, 2015

## Background

SB860 directed the State Chancellor's Office to develop a revised growth formula and specified primary factors be included in the formula as follows:

1. Number of people within a district's boundaries that do not have a college degree.
2. Number of people within a district's boundaries that are unemployed, have limited English skills, are in poverty, or exhibit other signs of being disadvantaged, as determined by the State Chancellor.

Over the last year, the Advisory Workgroup on Fiscal Affairs and the State Chancellor's Office worked with legislative staff, the Department of Finance, and the Legislative Analyst's Office to create a growth formula that meets the requirements of the statute while also addressing the system's actual demand for access. Many districts were concerned that the initial formula developed did not reflect the reality of enrollment trends and needs.

Over the past few months, this group negotiated modifications to the initial formula. The proposed revised formula was presented during the Association of Chief Business Officials spring conference.

## New Formula

The new formula allocates 51.1% of total growth based on need, and 49.9% to all districts based on an equal growth rate to all districts. It meets the requirements of SB860 while also provides all districts with at least 1% of growth.

### NEED (51.1%)

The need-based calculation uses three factors:

1. **Educational Attainment:** District's percentage (as a portion of the statewide total) of individuals 25 years of age or older who do not have a bachelor's degree divided by the percentage of adults with "some college" or less within district boundaries (Source: ESRI)
2. **Unemployment:** District's percentage (as a portion of the state total) of unemployed individuals 16 years of age or older divided by the percentage of unemployed adults living within district boundaries. (Source: ESRI)
3. **Households Below the Poverty Line:** District's percentage (as a portion of the state total) of households below the poverty line ( $\approx$ \$25,000 annual income) (Source: ESRI)

### ACCESS (49.9%)

The access portion of the formula allows for 49.9% of total growth to be distributed proportionately based on current district FTES. All districts would receive the same grow rate.

## Results for SBCCD

Based on preliminary results, SBCCD should be serving 2.12% of the State's entire community college population. Currently, however, it only receives funding to serve 1.28%. Assuming the State incorporates into its final budget the anticipated 3% growth, SBCCD is expecting a significant increase – approximately 6.74%.

This is expected to be a one-time adjustment to align the allocation of FTES among all districts based on the needs calculation. Beginning in 2016-17, it is anticipated that growth will be equally distributed among all districts.

Work will be done over the summer to determine the appropriate distribution of FTES between SBCCD's two colleges.

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## Graphic Presentation

1. The model allocates 49.9% of the growth funding based on access (equal percentage for all districts)
2. 50.1% based on need (only those districts that have a need that is greater than their current access qualify for a portion of these funds).
  - a. Educational attainment – 25.1% of growth (50% of 50.1%)
  - b. Unemployment – 12.5% of growth (25% from 50.1%)
  - c. Households below poverty line – 12.5% (25% from 50.1%)
3. These two amounts are summed to determine the total amount of growth funding each district would qualify for.

**Estimated State Growth = 3%**

