

Planning and Budget Committee

02/02/18

Draft Budget Building Assumptions

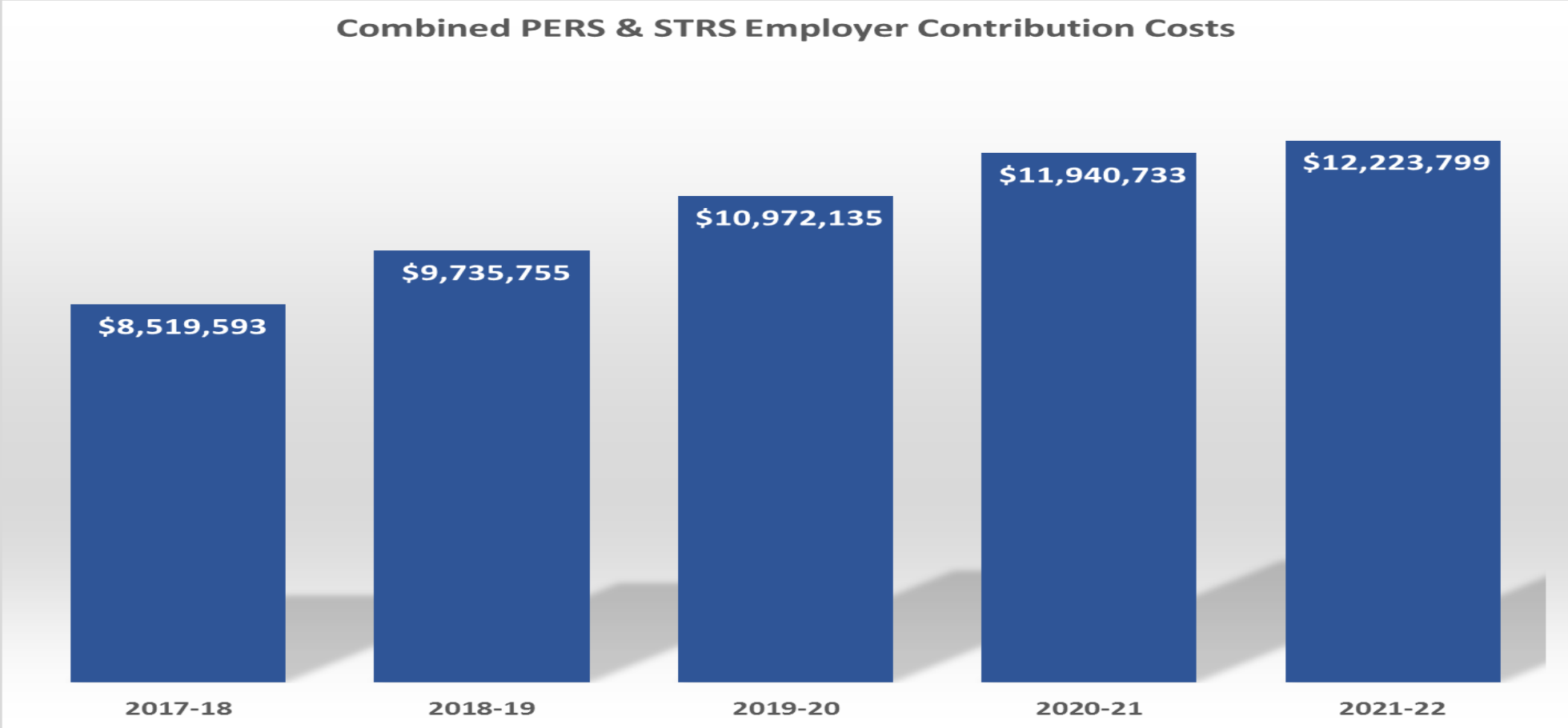
- **Use Governor's January budget to build 2018-19 Tentative Budget**
 - Use COLA percentage of 2.51% to project ongoing increases in Unrestricted General Fund and identified categorical programs
 - Do not include transitional funding allocation (unsure of impact, if any)
- **Develop a balanced budget for 2018-19, with no use of reserves to offset operational costs**
 - Use one-time funds for one-time purposes
 - Allocate new ongoing funds to pay for increased ongoing costs first
 - PERS and STRS increases
 - Medical cost estimated increases
 - New positions required to meet Faculty Obligation Number (FON) increases
 - New positions required to operate new facilities
 - Transition positions from categorical programs to general fund due to decreases in allocations
 - Budget for increased operational costs of new facilities
- **Growth funds will not be included in the 2018-19 budget**
 - We will be coming out of stability in 2018-19.
 - Need to right size FTES earning potential, current base is 15,594 FTES
- **Physical Plant and Instructional Equipment funds split between scheduled maintenance, Instructional Equipment and Library Materials needs**
- **Any ending balance increase from 2017-18 used to fund 1st yr. operational losses for Health First Fitness Club.**

Unrestricted General Fund (UGF) with COLA

	2017-18	2018-19
		Adding the 2.51% COLA
Principle Apportionment	\$58,911,876	\$60,425,911
Tax Relief	\$175,000	\$179,498
Tax Allocation, Secured	\$25,021,078	\$25,664,120
Supplemental Tax	\$500,000	\$512,850
Tax Allocation, Unsecured	\$700,000	\$717,990
Enrollment Fees	\$4,387,301	\$4,500,055
Redevelopment and Residual	<u>\$750,000</u>	<u>\$769,275</u>
Total Base	\$90,445,255	\$92,769,698
UGF total Est COLA Increase		\$2,324,443

New Ongoing COLA Funding		\$2.3 M
Less PERS & STRS Increases	(\$1.20 M)	
Less estimated Medical Cost Increase	(\$0.35 M)	
Less (4) Faculty Hiring cost to meet FON	(\$0.30 M)	
Less Counselors moved from SSSP to UGF	(\$0.30 M)	
Less Wellness Center New Positions	(\$0.45 M)	
Less est. MSE Building Staffing needs	(\$0.25 M)	
Excess/(Shortage)		(\$0.55 M)

Total Southwestern College Cost Impact CalSTRS and CalPERS Combined



New Funding Formula

CBO Workgroup

Workgroup Charge:

- Provide ongoing advice and counsel to the CCC State Chancellor on community college/district finance and business operations impacting the California community colleges/districts to include, but not limited to: issues surrounding state budget proposals, statutory and/or regulatory funding provisions, any other matters relating to fiscal and business affairs or improvements to benefit the state's community colleges/districts.

Vision Statement:

We strive to develop a funding formula that:

- Is stable and sustainable while supporting the goals articulated in the Vision for Success;
- Provides incentive funding for progress in serving disproportionately impacted populations; and
- Is responsive to the needs of the local and regional communities served.

The workgroup agreed the new funding model's principles should:

- Align with system's goals and priorities related to student success, equity, and access. Funding should be linked with these factors in order to incentivize improved outcomes.
- Be fair, transparent, and easy to understand.
- Provide sufficient predictability and stability to support college/district operational costs and sound financial planning.
- Balance a focus on outcomes with the need for reasonable funding stability.
- Recognize the diversity of regional and local needs.
- Support historically under-represented students with more funding to close gaps and increase completion outcomes.
- Marry an increase in accountability for outcomes with increased flexibility, such as relief from regulatory requirements and categorical funding restrictions.
- Be phased-in over multiple years in order to allow for a smooth transition to the new model.

The new funding model should reflect three “funding blocks” identified as:

- Performance Outcomes tied to Strategic Vision goals
- Base funding required for operating colleges/districts and centers
- Enrollment

Operational & Implementation Elements

- Base funding should reflect a variation in costs based on specific factors, such as college/district size, centers, multi versus single college/district, etc.
- The funding model should recognize the higher costs of Career Education courses in its calculation.
- The funding model should recognize the significant and increasing operating costs related to technology and campus security.
- Moving from the current funding model to a new funding model should be based upon a three-year rolling average in the development of the metrics used to support outcomes-based funding.

- The funding model should incorporate some categorical programs, such as, Strong Workforce, Student Success and Support Program, Student Equity and Basic Skills
- Transformation Grants in the formula.
- The funding model should provide stability funding during enrollment declines, based upon a multi-year step-down model.
- The funding model should be evaluated periodically and modified as needed.
- The model should have an initial hold-harmless to ensure colleges/districts are not negatively impacted in the first year of implementation.
- Outcome metrics should measure a college/district's improvement over time against itself.

Potential Metrics identified in support of the “funding blocks” are as follows:

Performance Outcomes:

- Transfer
- Completion of degree/certificate
- CTE employment and wage gains
- Equity gap incentives

Base Funding:

- Number and size of colleges/districts and/or centers
- Location (i.e. rural, urban, etc.)
- Facilities factor (gross square footage, acreage, etc.)

Enrollment:

- FTES
- Headcount

STUDENT-FOCUSED FUNDING FORMULA



full-time equivalent student
(FTES) enrollment

50%



Students receiving California
College Promise Grants (former
BOG waiver) and Pell Grants

25%



Based on short and long-term
student success metrics (degrees,
certificates, awards, ADTs)

25%