



In January, Governor Jerry Brown released his 2018-19 proposed budget, which includes a proposal to dramatically change the way California funds its community colleges. This student-focused funding formula would allocate resources based, in part, on student needs and community college district performance. If implemented well, this approach would be more equitable than the current funding model, which primarily rewards colleges for enrolling students rather than supporting them to complete a certificate, degree, or transfer.

California's community colleges serve more than 2.1 million students - over half of whom are students of color and nearly half from low-income communities. The current funding formula does not prioritize student success, or closing opportunity gaps that act as barriers for these students. Supporting the success of our community college students - and in particular focusing on equity for these students - is one of the best things our state leaders can do to close opportunity and attainment gaps in California higher education.

This Equity Alert looks at emerging funding models nationwide, explains Governor Brown's proposal, and highlights some considerations for equity. We also share a few ways stakeholders and advocates can get involved as the equitable community college funding proposal is debated and revised between now and when the budget is adopted in June.

Funding Models: What Can Make Them Equitable?

Simply put, the funding model a state adopts to allocate resources to colleges and universities matters because money matters in education. While we know there are many factors that contribute to a college's success in educating their students, money is a key factor in being able to implement the best practices and approaches that accelerate student success. Several states use or are considering higher education funding models that promote completion and reward equity. Despite differences across states, promising models do one or both of these two important things:

1. **Fund institutions based on need.** Rather than stipulate all higher education institutions receive the same amount of funding per student, *student-focused funding formulas* are structured so that institutions that serve more needy students (e.g., students of color, low-income students) receive additional resources on top of base funding to specifically support those students' success.

Why can this approach be good for equity? It's fairer: Directing these supplemental resources to institutions recognizes that many of these students have been underserved by education systems and as a result, often need greater resources to be supported adequately.

2. **Incentivize institutions to achieve better student success.** In an attempt to move away from enrollment-based funding models, 35 states have shifted all or some portion of funding for higher education to a *student success funding model*. The goal of these models is to incentivize colleges to focus on helping students succeed in their program of study.

Why can this approach be good for equity? It incentivizes completion: Providing additional resources to institutions for meeting student success metrics (e.g., number of degrees granted) - if done right - can encourage institutions to close attainment gaps by ensuring that students who enroll actually complete a certificate, degree, or transfer.

If a state wants to achieve equity, it should do both - fund institutions based on student needs and incentivize completion. But states must also demand that institutions establish meaningful goals and monitor and publicly report progress. And, states should help institutions improve over time by offering them sustained, high-quality assistance.

Experts propose the following components of smart student success funding models to advance equity:

1. Include equity metrics that are inclusive of race.
2. Make equity metrics mandatory.
3. Give additional weight for enrolling low-income students and students of color.
4. Dis-incentivize campuses that reduce access to high-quality degrees or credentials for low-income students and student of color.
5. Invest in capacity of low-resourced institutions.

See more on these components from Tiffany Jones, Ph.D.: bit.ly/ETN-OBFP

Governor Brown’s Proposed Community College Student-Focused Funding Formula

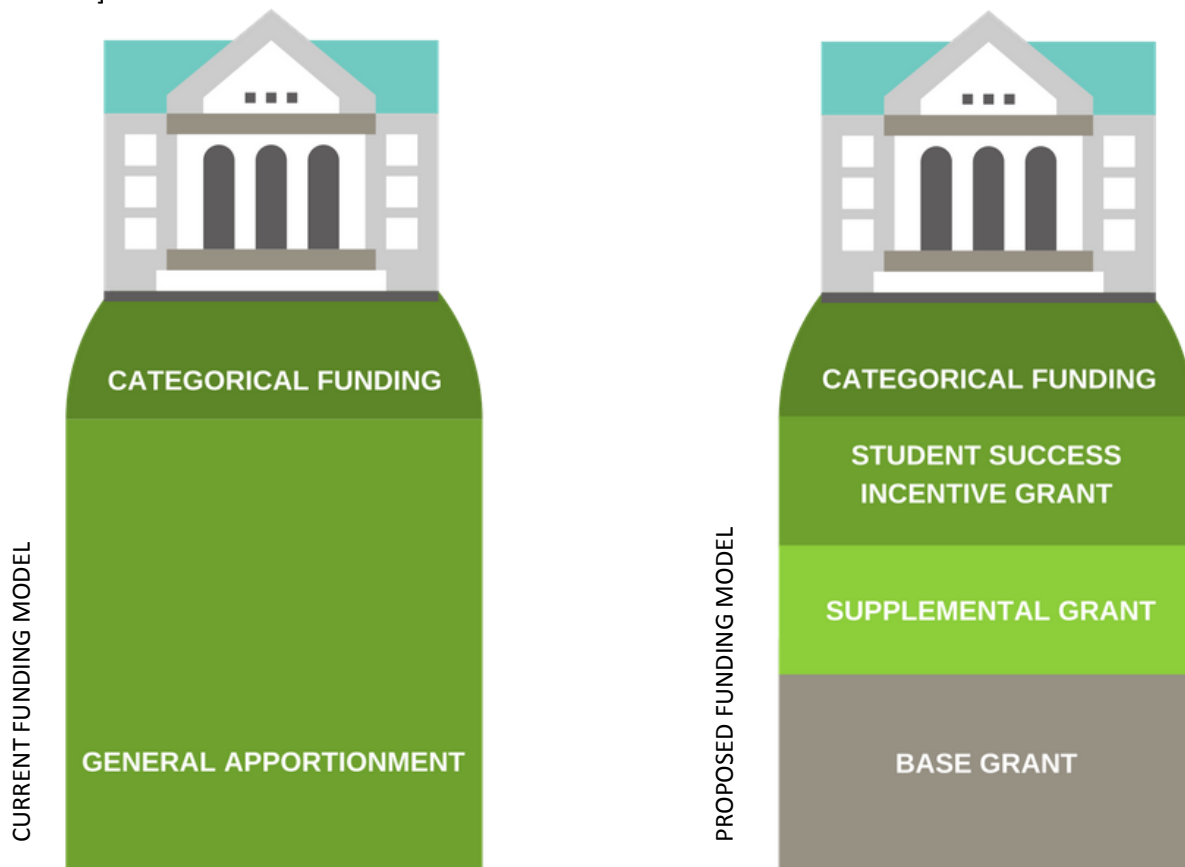
Under the current funding formula, California allocates resources to its 72 community college districts and 114 community colleges based primarily on the number of students who enroll and remain enrolled over time, without regard to completion. Additional funding is provided in the form of restricted, categorical grants that support things such as basic skills and equity plans.

Governor Brown proposes to do away with this funding formula and adopt a new one that awards community college districts funding for each enrolled student as well as supplemental resources based on the number of low-income students. A district would also receive an incentive grant if it meets performance metrics such as the number of certificates and degrees granted. This approach would blend the existing enrollment-based funding model with the student-focused and student success funding models described above. The breakdown would be as follows:

a) **Base Grant:** Each district would receive a base grant based on enrollment. Similar to the existing funding formula, a per-full-time equivalent student (FTES) funding rate would be applied across all districts. [50% of formula]

- b) **Supplemental Grant:** Each district would receive a supplemental grant based on the number of low-income students the district enrolls. Specifically, the supplemental grant would reflect two factors: (1) enrollment of students who receive a College Promise Grant fee waiver (formerly known as the Board of Governors Waiver) or (2) enrollment of students who receive a Pell grant. [25% of formula]
- c) **Student Success Incentive Grant:** Each district would receive additional funding based on the following metrics from the prior year: (1) the number of degrees and certificates granted and (2) the number of students who complete a degree or certificate in 3 years or less. The grant would also include additional funds for each Associate Degree or Transfer granted by community college districts. [25% of formula]

If implemented with intentionality and attention to balancing access and student success, this type of blended model could make community college funding more equitable. It could also prompt institutions to improve outcomes for all students and close outcome gaps quicker.



Champions for Equity Need to Learn More

While the Governor’s proposal holds great promise, the degree to which such an approach will maximize equity will depend on the details. In order to get the formula right and keep equity front and center, advocates and policymakers need to demand clarity and answers about a number of key components:

1. The student-focused funding component:

- a. *What We Know.* Under this proposal, districts will receive funds based on the number of low-income students they enroll.
- b. *What We Need To Know:* How can the supplemental grant be broadened to consider race and ethnicity and to include other underserved groups such as first-generation students, students from Local Control Funding Formula Plus (LCFF+) high schools, and adult learners? In what other ways can this formula provide low-resourced institutions the resources they need to significantly improve outcomes for our state’s most underserved students?

2. The student success funding component:

- a. *What We Know:* Under this proposal, districts will receive additional funds if students complete a certificate or degree, or transfer within three years.
- b. *What We Need To Know:* What adjustments can be made so that the formula specifically incentivizes colleges to help low-income students and other underserved students complete a certificate or degree, or transfer? Additionally, what safeguards can be inserted to keep colleges from shifting students into short-term, less expensive certificate programs?

3. Goal Setting:

- a. *What We Know:* Districts will be required to align their educational master plans and

budgets with the systemwide goals outlined in the equity-focused *Vision for Success* document compiled by California Community College Chancellor Oakley’s office.

- b. *What We Need To Know:* Which stakeholders will be required to provide input and guidance as districts adjust their goals, plans, and budgets? How will those goals explicitly address equity and support underserved students? How will the state ensure that goals are ambitious but achievable?

4. Monitoring & Transparency:

- a. *What We Know:* Districts will be required to measure progress toward meeting new goals outlined in their revised educational master plans, and the Chancellor’s Office will monitor implementation.
- b. *What We Need To Know:* How will students, community members, and other stakeholders know whether their community colleges are making adequate progress and reaching goals, especially for students of color and low-income students? Will results be comparable across community college districts? How will this be publicly reported, and how frequently?

5. Technical Assistance:

- a. *What We Know:* Community college districts identified as low-performing will be required to direct a portion of their funding to technical assistance and training.
- b. *What We Need To Know:* How will the state guarantee that low-resourced colleges serving high-need populations get the financial resources and support they need to improve? How will low-performing districts be identified? Will the performance of an individual low-performing college prompt technical assistance?

Conclusion

In considering an equitable funding formula, California has a chance to improve equity and quality in the California Community Colleges, which together serve an incredibly diverse student population. The Governor's proposal for a new funding formula is a good start, but it is far from complete. Our state leaders must make equity the primary goal of this funding formula, in part by clearly addressing the questions above. Equity cannot be left to chance; rather, the guardrails must be put in place intentionally and explicitly to ensure that every California community college student attends a campus that is fairly funded, squarely focused on supporting completion, and well-resourced to achieve success.

How can you get engaged?

- Share this Equity Alert with your neighbors, colleagues, and other equity champions in your community.
- Share this Equity Alert on social media using the hashtags #CAHigherEd #CABudget and connect with us:



- Join Ed Trust—West to receive updates, resources, and learn more on student-centered funding approaches and other equity issues: www.edtrustwest.org/join
- Contact your local elected representative and offer your thoughts on the funding formula: <http://findyourrep.legislature.ca.gov/>
- Attend a rally or hearing in Sacramento and speak up during public comment opportunities.



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