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## A. Introductory

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### **A1. What is the purpose of changing the funding formula?**

The California Community College System has a diverse student body and has a mission that includes reducing equity gaps, providing educational access and opportunity, and strengthening the state's economy. The system has continued to face challenges in helping students reach their educational goals in an efficient and equitable manner and older and working adults are often left behind. The objective of the new funding formula is to mitigate these challenges through a system that focuses on rewarding equity and success in addition to access. The new funding formula will help students by prioritizing their success and specifically by targeting access and success for disadvantaged students.

### **A2. How is the new funding formula different from the current funding formula?**

The prior funding formula was based predominantly on enrollment while the new funding formula has a three-pronged focus: Access, Equity, and Success. The new funding formula still supports Access through enrollment-based funding, but also supports Equity and Success through additional allocations.

#### A3. What are the components of the SCFF?

There are three major components. First, the Base Allocation, which focuses on overall access is determined by overall district enrollments and district size. Second, the Supplemental Allocation focuses on supporting Equity with funding determined by the number of low-income students in a district. Third, the Student Success Allocation focuses on supporting achievement of educational goals with funding determined by the number of outcomes for various measures of educational progress, transfer, completion and wage earning.

#### A4. How were the allocation percentages of the SCFF determined?

Each component in the funding formula has an associated dollar rate. These rates were determined by calculating the total dollars available for that portion of the funding formula and distributing those dollars by the total number of outcomes for that part of the funding formula. For example, the Supplemental Allocation consists of 20% of overall funding and that amount was divided by the current reported number of low-income students in the system to arrive at a rate per low-income student enrolled.

#### A5. Why are the allocation percentages changing in coming years?

The allocation percentages are changing in order to gradually increase the prioritization of low-income students and student success. The gradual shift over three years will allow districts to adjust strategies, programs and practices in order to align with the SCFF and CCC *Vision for Success* Goals.

#### A6. How is the SCFF related to the Vision for Success?

The *Vision for Success* includes the goal of closing achievement gaps for historically underrepresented students, which the SCFF addresses by not only providing additional funding for districts to enroll low-income students but also ensuring those students succeed. Language in the funding formula calls on districts to set performance goals that align with the system-wide goals established in the *Vision for Success* ensuring that the colleges are aligning local goals with the equity and success metrics outlined in the *Vision for Success*.

### B. Base Allocation

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#### B1. What is the Base Allocation?

The Base Allocation is the enrollment-based component that is similar to the current funding formula. The Base Allocation is the sum of the Basic Allocation funding (derived from the number of colleges and centers in a district as well as its size), and the funding for Credit, Noncredit, CDCP, Inmates in Correctional Facilities Education and Special Admit FTES. Across all districts, in 2018-19 this sum comprises 70% of the total systemwide available funds in the budget.

#### B2. Under the new funding formula, is current year FTES or a multiple year average FTES used to determine funding?

Under the SCFF the basis of FTES funding is a 3-year average for Credit FTES. All Noncredit, CDCP, Inmates in Correctional Facilities, and Special Admit FTES are actuals from the most recent year.

### B3. How is the 3-year average of Credit FTES for funding calculated?

For 2018-19: First, the Credit FTES that receives funding is the average of 2016-17 Actual FTES, 2017-18 P2 Actual FTES, and **2018-19 Projected Actual FTES (minus 2018-19 Projected Growth FTES)**. To this amount projected 2018-19 Credit FTES growth is added, and Credit Inmates in Correctional Facilities and Special Admit FTES is subtracted. This final value is the 3-year average used for Credit FTES funding.

For example, refer to the Credit FTES for District A in the table below:

| District A   |             |                         |                           |
|--|-------------|-------------------------|---------------------------|
| Base Credit FTES Average   |             |                         |                           |
| 16/17 FTES*  | 17/18 FTES* | 18/19 FTES less Growth* | Base FTES: 3-Year Average |
| 900  | 1,000       | 1,070                   | 990                       |
| Base 3-Year Average      Growth** FTES      INC***      DUAL***      Funding Base FTES: 3-Year Average |             |                         |                           |
| 990  | 30          | 75                      | 25                        |
|  |             |                         | 920                       |

\*Actual Credit FTES, which includes Credit Inmates in Correctional Facilities and Credit Special Admit FTES

\*\*3.03% Growth rates, provided by State Chancellor's Office

\*\*\*Credit Inmates in Correctional Facilities and Special Admit FTES from most recent year

The 3-year rolling average of Base Credit FTES of District A is:

$$(2016-17 \text{ FTES} + 2017-18 \text{ FTES} + 2018-19 \text{ FTES less Growth}) / 3, \text{ or}$$

$$(900 + 1,000 + 1,070) / 3 = 990 \text{ FTES}$$

The 3-year Base Credit FTES used for funding District A is:

$$(\text{Base 3-Year Average} + \text{Growth FTES} - \text{Inmates in Correctional Facilities FTES} - \text{Special Admit FTES}), \text{ or}$$

$$990 + 30 - 75 - 25 = 920 \text{ FTES}$$

### B4. In this calculation, did you include Stability and Restoration FTES?

No, all FTES amounts are Actuals, and do not include stability or restoration.

### B5. How is Projected Growth calculated?

FTES growth rates for each district are provided by the Chancellor's Office. For Credit FTES, these rates are applied to each district's 3-year average FTES to find projected growth FTES. For Noncredit, CDCP, Inmates in Correctional Facilities and Special Admit FTES, growth rates are applied to the most recent year's FTES.

For purposes of the simulation, 2017-18 FTES growth was used to simulate 2018-19 FTES growth.

### B6. Why does the system use a 3-year average for Base Credit FTES?

The three-year average FTES is used instead of the most recent year's Credit FTES in order to financially protect districts from large enrollment swings and unexpected economic downturns. It is also used in order to increase district stability and predictability in planning, program implementation, and budgeting.

### B7. What is the data source for the Base Allocation?

The sources for all FTES data for the Base Allocation is the Chancellor's Office 320 Attendance Reports, apportionment reports, and Management Information Systems Data Mart.

**B8. Are all types of student FTES funded at the same rate?**

No, all students are not funded at the same rates. For 2018-19, CDCP Students, Credit Special Admit students, and Credit Inmates in Correctional Facilities students are fully funded at \$5,457 per FTES. Noncredit students, including Noncredit Inmates in Correctional Facilities, are funded at \$3,347 per FTES. Base Credit FTES are funded at \$3,727.

In 2019-20, the Base Credit FTES rate will be \$3,387 per FTES, adjusted for changes in cost-of-living and other base adjustments. The reduction in the rate is due to the change in Base Allocation from 70% to 65% of total funds.

In 2020-21, the Base Credit FTES rate will be \$3,046 per FTES, adjusted for changes of cost-of-living and other base adjustments, both in the prior year and the 2020-21 fiscal year. The reduction in the rate is due to the change in Base Allocation from 65% to 60% of total funds. In subsequent years the rate will be the same as in 2020-21, adjusted for cost-of-living and base adjustments in subsequent budget acts.

These Credit FTES rates are set in statute (AB 1809).

**B9. Systemwide, are these rates the same for all districts?**

Yes, except for the 10 districts with higher FTES Credit rates from the previous funding formula.

**B10. Will Noncredit and CDCP rates increase in future years?**

Yes, they will increase by COLA, and where applicable, any base increases identified in the annual budget.

**B11. Is it possible for a district's Base Allocation to shrink in 2018-19 or any future years with the new funding formula?**

The same stability mechanism that applied to the old funding formula applies to the new funding formula. If a district decreases in size and goes from a medium to a small sized college, then that district will shrink in year four from the initial year of decrease (there is a three-year stability allowance for base allowance decreases). Again, this provision is unchanged under the new funding formula language.

**B12. Are Special Admit and Inmates in Correctional Facilities FTES being double counted when funded for the Base Credit FTES?**

No, FTES for these groups are not double counted in the Credit FTES funding calculations.

**B13. Is COLA being applied to the Basic Allocation?**

Yes, in both 2017-18 and 2018-19 the Basic Allocation grows by COLA and by the 2.9% base allocation increase provided to the system in 2017-18.

**B14. Is COLA being applied to the Base Allocation as a whole?**

Yes. In addition to the Basic Allocation COLA, Noncredit, CDCP, Special Admit, and Inmates in Correctional Facilities FTES rates are increased by the full 2.71% COLA. Base Credit FTES will be funded at the rate of \$3,727 per FTES. In subsequent years, all rates are adjusted for COLA.

**B15. Can the 3-year average change a district's status for its Basic Allocation?**

No, a district's funding will not decrease for the basic allocation based on the 3-year average. The Chancellor's Office believes the Governor's intent is to leave the administration of the basic allocation unchanged from current practice.

**B16. Why are Inmates in Correctional Facilities and Special Admit FTES paid at the fully funded amount?**

Inmates in Correctional Facilities and Special Admit students are special FTES populations (Prison Inmates and High School Students, predominantly) that the state encourages districts to continue to serve. Thus, the new funding formula retains the current funding formula rates for these groups of students.

**B17. Are Inmates in Correctional Facilities and Special Admit populations excluded from the Supplemental and Student Success Allocations?**

No, they would be included in both metrics, although the number of students from these special populations would likely be small.

### B18. How will summer enrollments be counted?

Summer enrollments will be counted in the same way they have been in the prior funding formula. The current flexibility is permissible for districts in future years.

### B19. Will there be simulations for future years?

The Chancellor's Office is in the process of calculating multiyear simulations for the new funding formula. We will be sharing these with districts and colleges after 2018-19 P1 Reports.

### B20. If there is a deficit factor, do we get it funded the next year?

Calculation of a deficit under the new funding formula will remain unchanged from current practice in the prior funding formula.

## C. Supplemental Allocation

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### C1. How is the Supplemental Allocation calculated?

The Supplemental Allocation is calculated by distributing the 20% of total systemwide revenue to districts based on their unduplicated headcounts of Pell, AB540, and College Promise Grant students. For 2018-19, all supplemental students are funded at a rate of \$919 per student. For 2019-20 and 2020-21, this \$919 rate persists, adjusted for changes in cost-of-living and other base adjustments, per the new funding formula statute.

### C2. How would a student in my district be funded for the Supplemental Allocation?

If a student in your district is either a Pell Grant or AB540 student, he or she will be funded at the rate of \$919. Likewise, a student who is eligible for the College Promise Grant will also be funded \$919. If the Pell/AB540 student is also eligible for the College Promise Grant program, the student will be funded an additional \$919.

### C3. How were the rates determined?

The total Supplemental Allocation funds available (20% of Total System Revenue) was divided by the total number of Pell, AB540 and College Promise Grant students in the system, to establish dollars funded per student. The groups were weighted equally to signify identical levels of importance. The rates were set by AB 1809, Section 32, paragraph (e).

### C4. What is the data source for the Supplemental Allocation?

The data source for Pell and College Promise Grant is the Chancellor's Office Management Information Systems Data Mart. The data source for the AB540 students is the Chancellor's Office 320 Attendance Reports.

### C5. What is the rationale behind choosing Pell, AB540, and College Promise Grant as measures of equity?

These groups represent the disadvantaged populations whom the California Community College System strives to empower.

### C6. What year's students are used for a given year's funding?

The new funding formula simulation workbook has a tab titled, "Data Dictionary." This dictionary provides details about the metrics being used in the new funding formula. As a rule, however, for 2018-19 the Chancellor's Office will use 2017-18 student data for the supplemental and student success allocation calculations and a combination of current and prior year FTES data for the base allocation calculations. For now, however, we are using 2016-17 data for the supplemental and student success allocations because 2017-18 data is not available yet.

### C7. Why are headcounts used instead of FTES?

Unduplicated headcounts are used instead of FTES because some of the data is only available on a headcount basis (e.g., AB540). Headcounts are also preferred because, although some of these students may generate low individual FTE, each individual still requires specialized services like counseling. Using headcounts in the funding calculation ensures such services can stay funded.

## C8. Why aren't first generation students funded as part of the Supplemental Allocation?

At this time, the data on first generation students is not reliable for the system and using this data would create an unfair distribution of funds. As the data quality improves in future years, the Chancellor's Office will consider adding first generation students to the funding formula. AB 1809 establishes a SCFF Oversight Committee, which has the responsibility of developing an implementation plan for collecting first generation student data, with the goal of including this metric in the SCFF by 2022-23.

## C9. Why aren't Noncredit students funded as part of the Supplemental Allocation?

This is because they are funded at their full rate in the Base Allocation.

# D. Student Success Allocation

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## D1. How is the Student Success Allocation calculated?

The Student Success Allocation is calculated by distributing the remaining 10% of the total systemwide revenue to districts based on their performance in various outcome metrics. Some metrics were weighted more than others, by ascribing different point values to each metric. A single student outcome with more points will generate more funding. Outcome metrics for Pell and College Promise students received additional funding.

## D2. What are the metrics and what are their point values?

The metrics are: Associate Degrees, Baccalaureate Degrees, Associate Degrees for Transfer, Credit Certificates 16+ Units, 9+ CTE Units Completion, Transfer, Transfer Level Math and English Completion within the first academic year, and Regional Living Wage Attainment. The simulation contains a Data Dictionary tab that explains the source of the data and provides data definitions. Refer to the table below for the point values of each metric.

## D3. What is the rationale behind choosing these specific metrics and weights?

The process for selecting the student success metrics, in addition to the supplemental metrics, took place over several months and involved input and consideration from several community college stakeholder groups.

## D4. What is the funding rate for points, and how was it determined?

The dollars per point rate was determined by dividing the total student success allocation value by the total number of points in the system (point values for an outcome \* total number of systemwide outcomes.)

In 2018-19, the rate for all students is \$440 per point. For Pell and College Promise students, it is an additional \$111 dollars per point.

In 2019-20, the rate for all students is \$660 per point. For Pell and College Promise students, it is an additional \$167 per point. These rates are to be adjusted for cost-of-living changes and other base adjustments.

In 2020-21, the rate for all students is \$880 per point. For Pell and College Promise students, it is an additional \$222 per point. These rates are to be adjusted for cost-of-living changes and other base adjustments.

These rates were established by AB 1809, Section 32, paragraph (f).

## D5. Which year's data is used in calculations?

Similar to the Supplemental Allocation, the prior year's data is used in calculating funding. In the current simulation, 2016-17 data is being used, as 2017-18 data is not yet available. 2018-19 Advance Apportionments will use this data. Upon 2017-18 data becoming available in November 2018, that data will be used to certify P1 Apportionment for 2018-19.

## D6. Can you tell me about the data used and how projections were calculated?

All data information is contained in the table on the following page, which presents the metrics used, along with their point values, definitions, data sources, availability date, and projection method. Outcome data for individual metrics is gathered both for all students, and also specifically for Pell students.

#### D7. Can you provide an example of how different measures of success are funded?

Yes. Use the tables below (Student A) and on the following page (Student Success Allocation Metrics) for reference.

Student A

| 2017-18                         | All Students Rate: \$440/pt.      | Promise Bonus Rate: \$111/pt. | Pell Bonus Rate: \$111/pt. | Total             |
|---------------------------------|-----------------------------------|-------------------------------|----------------------------|-------------------|
| Associate's Degree for Transfer | \$1,760                           | \$444                         | \$666                      | \$2,870           |
| 2018-19                         | All Student Funds Rate: \$660/pt. | Promise Bonus Rate: \$167/pt. | Pell Bonus Rate: \$167/pt. |                   |
| Transfer to 4-year Institution  | \$990                             | \$250.50                      | \$375.75                   | \$1,616.25        |
| Total                           | \$2,750                           | \$694.50                      | \$1,041.75                 | <b>\$4,486.25</b> |

Consider Student A in District A above. She is a Pell Grant recipient and is also College Promise eligible. In 2017-18, she achieved the successful outcome of an Associate's Degree for Transfer. So, on account of this outcome, District A is funded \$2,870 in 2018-19. This is because:

- All student ADTs have a point value of 4 and are funded at \$440/pt. So,  $4 \times 440 = \$1,760$
- College Promise student ADTs have a bonus point value of 4 and are funded at \$111/pt. So  $4 \times 111 = \$444$ .
- Pell student ADTs have a bonus point value of 6 and are funded at \$111/pt. So  $6 \times 111 = \$666$

*Thus, Student A's 2017-18 ADT generates  $\$1,760 + \$444 + \$666 = \$2,870$  in funding for District A, for 2018-19.*

Next year, in 2018-19, Student A successfully transfers to a four-year institution. The funding generated by this successful outcome is in the following year, 2019-20, where the dollar rates per point have changed (see D4). On account of this outcome, District A is funded \$1,616.25 in 2019-20. This is because:

- All student Transfers have a point value of 1.5 and are funded at \$660/pt. So,  $1.5 \times 660 = \$990$
- College Promise student Transfers have a bonus point value of 1.5 and are funded at \$167/pt. So,  $1.5 \times 167 = \$250.50$
- Pell student Transfers have a bonus point value of 2.25 and are funded at \$167/pt. So,  $2.25 \times 167 = \$375.75$ .

*Thus, Student A's 2018-19 Transfer generates  $\$990 + \$250.5 + \$375.75 = \$1,616.25$  in funding for District A, for 2019-20.*

The total value generated by Student A's two successful outcomes is \$4,486.25. It is important to note that this student likely generated or will generate additional funding through other successful outcomes, such as Transfer Level Math and English and Attainment of a Regional Living wage. Also important, Student A also generates funding in the Base Allocation, and as a Pell and College Promise student, in the Supplemental Allocation.

The second column (All Students) total shows how much Student A would generate if she were not a low-income student, \$2,750.

Table 1: Student Success Allocation

## Student Success Allocation

| Student Success Allocation—Measures   | All Students | Promise Grant Premium | Pell Grant Premium |
|---|--------------|-----------------------|--------------------|
| Associate degrees for transfer granted  | 4            | 4                     | 6                  |
| Associate degrees granted (excluding ADTs)  | 3            | 3                     | 4.5                |
| Baccalaureate degree granted  | 3            | 3                     | 4.5                |
| Credit certificates (16 units or more) granted  | 2            | 2                     | 3                  |
| Completion of transfer-level mathematics and English courses within first academic year of enrollment | 2            | 2                     | 3                  |
| Successful transfer to four-year university   | 1.5          | 1.5                   | 2.25               |
| Completion of nine or more CTE units  | 1            | 1                     | 1.5                |
| Attainment of regional living wage  | 1            | 1                     | 1.5                |

## E. General Questions

### E1. Will my district receive 70% of its funding from the Base Allocation, 20% from the Supplemental Allocation, and 10% from the Student Success Allocation?

It is not necessarily true that an individual district will receive its funding in the 70% 20% 10% proportion. While the systemwide budget is being divided in this manner, the composition of individual districts' funding allocations will differ based on each district's own unique conditions and composition.

### E2. How many years will my district be held harmless if its funding is reduced because of the new funding formula?

Districts will be held harmless to their 2017-18 total revenue plus COLA for three years. In 2018-19, districts will be held harmless to their 2017-18 revenues, and will receive one-time discretionary resources up to the 2018-19 COLA rate of 2.71%. In 2019-20, districts will be held harmless to their 2017-18 revenues, plus the cost-of-living adjustments for 2018-19 and 2019-20; In 2020-21, districts will be held harmless to their 2017-18 revenues, plus cost-of-living adjustments for 2018-19, 2019-20 and 2020-21.

For years thereafter, districts will be held harmless to their 2017-18 per FTES funding rate multiplied by the district's current year reported FTES workload for Credit, Noncredit and CDCP FTES only.

**E3. Will my district be held harmless beyond 3 years if its enrollment or outcomes drop after the funding formula is adopted?**

Refer to E2 above. Districts will not be fully held harmless beyond three years; however, they will be held harmless to their 2017-18 FTES rate multiplied by their current year's reported FTES workload for Credit, Noncredit and CDCP FTES only.

**E4. If a district is to get more via their 2017-18 apportionment versus the new funding formula, will COLA be applied to the 2017-2018 amount?**

Yes. Besides Basic Aid districts, all districts will receive a minimum 2018-19 Total Revenue of 2017-2018 Revenue plus COLA.

**E5. Will the state still use the P-2 reported amount for the next year's funding?**

Yes, this will be used, along with prior year data for the metrics that are not yet available at that time. When final 2017-18 workload measures are available, they will be used to update district's Total Computational Revenue for 2018-19.

**E6. Will the systemwide budget increase as outcomes improve?**

Yes. If the outcomes improve, under the law, the systemwide budget will increase.

**E7. How can I find the source for the data used to determine my funding?**

The simulation contains a Data Dictionary tab that explains the source of the data and provides data definitions.

**E8. Can someone at my district verify the data and run the reports used for the SCFF?**

Many data elements can be verified locally using the 320 Attendance Reports and the Chancellor's Office Management Information Systems Data Mart. Other metrics, such as living wage data, are Chancellor's Office special runs and not available at this time, but will eventually be made available to districts to verify.

**E9. Will districts with differential rates for FTES funding continue to be funded at their higher rates?**

Yes, their fully funded and Noncredit differential rates will increase from their previous rates by the 2018-19 COLA rate of 2.71%. Their differential Credit FTES rates will change proportionate to the systemwide change, explained in Question B10 above.

**E10. How does the new funding formula impact basic aid districts?**

The calculation of Basic Aid districts' funding will change according to the new funding formula. The total dollar values of these districts' funding will not increase unless they experience FTES growth or positive performance on success and equity metrics.

**E11. How will stabilization be defined in future years?**

There remains a one-year stability mechanism in the new funding formula that is effective in year 2019-20. We measure stability, however, on TOTAL COMPUTATIONAL REVENUE. If a district's TCR declines in the current year compared to its TCR as calculated using the factors in the new funding formula in the prior year, the district receives the prior year TCR revenue.

**E12. What happens with restoration?**

Declines in FTES workload measures from prior years will still be eligible for restoration over a three-year period. We will now track six FTES workload measures: Credit, Noncredit, CDCP, Special Admit, and Inmates in Correctional Facilities (Credit and Noncredit).

**E13. How will the Chancellor's Office monitor the implementation of the SCFF in future years, including modifying metrics and their weights?**

Current law requires the Chancellor's Office to develop a plan to monitor the effects of the SCFF.

**E14. How will the SCFF affect my district's master planning process?**

Please refer to AB 1809, Section 32, paragraph (m).

**E15. How will external auditing requirements change with the SCFF?**

Further instructions will be forthcoming from the Chancellor's Office on additional audit requirements per Section 84040.

**E16. Is this funding formula and/or the specific data elements specified in statute? If changes are needed in the future, will additional statutory changes be needed? Does the Chancellor's Office have the authority to make changes, assess the effectiveness of the funding formula?**

Yes, the funding rates and data elements are contained in statute (AB 1809). Changing rates and data elements and other significant changes would require a change in statute. The Chancellor's Office is charged with assessing the effectiveness of the new funding formula and is required to work with the Department of Finance and the Legislature in proposing changes.

**E17 Is it possible under the SCFF for there to be leftover systemwide funds? If so, what would happen to unused funding?**

The Governor and Legislature would determine how to use any unexpended state resources.

**E18. For a district in stability, will the hold harmless funding level be based on actual or funded FTES?**

It will be based on the district's total TCR for 2017-18, which includes stability funding.

**E19. Will the funding periods (Advance, P1, P2, Recal) remain the same?**

Yes.

**E20. Who should be involved in reviewing the metrics before submission? Is there a mechanism in place to review data for accuracy before final submission?**

It is all within a district's internal control to prepare and submit data.

**E21. What is going to happen to the FON calculation, given the new apportionment given to the Base Allocation?**

FON is calculated based on Credit FTES, not funding, so there will be no change in the calculation of FON on account of the SCFF.

**E22. As colleges earn more and more points in future years, will colleges get less and less?**

Metrics, weights, and the overall distribution of the systemwide revenue may change in the future depending upon on how success and equity measures improve over time. This also depends on the available resources of the state.

**E23. Is it possible to have a spreadsheet detailing my individual district's projected changes under the SCFF, similar to the systemwide simulation?**

We hope to make this available in the future.