

# Understanding the Student-Centered Funding Formula

## A Primer on California Community College Finance

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**IN JUNE 2018, CALIFORNIA ENACTED** major changes in the way it funds its community colleges. The new policy, known as the Student-Centered Funding Formula (SCFF), was implemented in the 2018-19 academic year, almost immediately after its passage. It represents an important shift in the state's priorities for community college funding as its equity focus increases support for students who have been furthest from opportunity. The state had long funded the CCC system using a formula that was almost exclusively based on district enrollment levels. By contrast, the SCFF employs a multi-faceted approach to fund districts according not just to their enrollment levels, but levels of student socioeconomic status and student success outcomes as well. The socioeconomic status component is determined by a district's counts of students who receive federal or state financial aid, or are undocumented. The success component is determined by a district's counts of students who achieve specified outcomes including degree attainment or transfer to a four-year university.

The SCFF is designed to create financial incentives for desired outcomes. A district can experience gains in per-student revenue if it enrolls more financial aid recipients and undocumented students and/or demonstrates improved student success. Conversely, a district can lose per-student revenue if its performance on these measures declines. To ease the system's transition to a substantially new funding system, the original SCFF legislation included a three-year "hold harmless" provision during which a district's funding level could increase but not decrease relative to its level from the prior formula. That provision was later extended several times. Along with other state responses to the pandemic, this reduced the impact of the SCFF's financial incentives, described in greater detail later in this brief.

This brief is intended as a primer to support administrators, college finance officials, and policymakers in their understanding of an important state policy. For context and comparison, it also details the state's historical approaches to community college funding. Lastly, it discusses the future of the SCFF in a unique fiscal and political landscape that is marked by declining enrollment in most colleges.

## State Budgeting and District Apportionment

The CCC system serves 2.2 million students annually<sup>1</sup> within 73 districts and 116 colleges,<sup>2</sup> making it the nation's largest system of higher education.<sup>3</sup> The state is primarily responsible for funding the CCC system.<sup>4</sup> Each year, it uses a statutory funding formula to apportion revenue across CCC districts. This apportionment revenue is essential to district- and college-level finance as it funds day-to-day educational operations.<sup>5</sup> Unlike restricted revenues that are reserved for expenditure in particular programs (e.g., Disabled Students Programs and Services), a district may spend apportionment revenue in a more discretionary manner.<sup>6</sup>

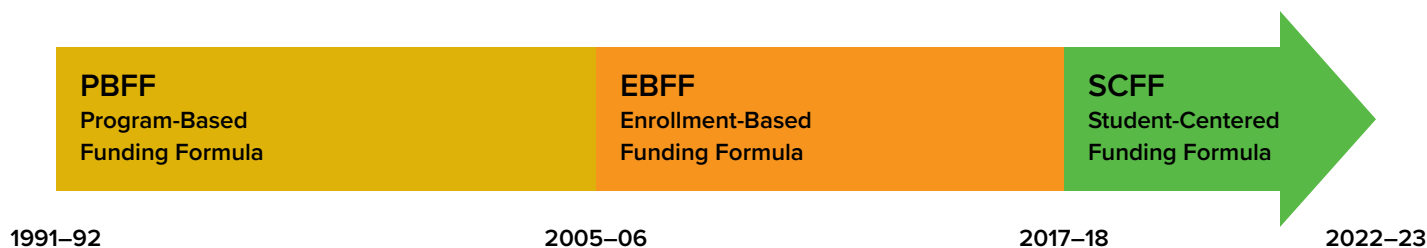
The state legislature funds the apportionment as part of a spending framework that was established by California voters in 1988 through Proposition 98.<sup>7</sup> The state sources Prop. 98 funds from state and local taxes and uses them to finance the K–12 and CCC systems.<sup>8</sup> The legislature first determines the combined funding level across both systems, known as the “minimum guarantee.”<sup>9</sup> This process is guided by a series of provisions linking education funding levels with enrollment growth and inflation over time. Next, the legislature splits this combined funding level between the two systems. Over the last two decades, the legislature allocated roughly 11% of Prop. 98 funds to the CCC system with slight year-to-year changes.<sup>10</sup>

## Past and Present Approaches to CCC Funding

Over the past three decades, the state has used three distinct funding formulas for community college district apportionment:

- PBFF: Program-Based Funding Formula from 1991–92 through 2005–06
- EBFF: Enrollment-Based Funding Formula from 2006–07 through 2017–18
- SCFF: Student-Centered Funding Formula beginning in 2018–19<sup>11</sup>

Timeline of State Funding Formulas for Community Colleges



Each formula varies considerably in its funding components and objectives. The state designed the PBFF as an “adequacy formula” in which funding levels were determined according to the costs of various operational benchmarks (e.g., a minimum student-to-faculty ratio).<sup>12</sup> The formula used several measures to determine a district’s apportionment (e.g., enrollment, square footage owned or leased by an institution). Each measure had a corresponding funding rate that was set according to the cost of delivering a given operation or service. However, the state never fully funded the PBFF. Instead, it scaled down funding rates by a margin that varied widely across districts. This process made the formula challenging to comprehend and also functioned to maintain funding disparities across districts that existed prior to the PBFF’s implementation.

The EBFF was designed as a simplified approach to formula funding. It established Full-Time Equivalent Students<sup>13</sup> (FTES) as its primary measure.<sup>14</sup> It also reduced funding disparities by establishing equal per-student funding rates across districts.

The SCFF retains the FTES funding components of the EBFF while adding two new components that pay a district according to its levels of student socioeconomic status and success outcomes.<sup>15</sup> The first of these is the supplemental allocation, which pays a district according to its counts of financial aid recipients and undocumented students. The second is the student success allocation, which pays a district according to its counts of students who achieve any of nine distinct outcomes including completion of a certificate, associate degree, or Associate Degree for Transfer (ADT).

### WHAT IS FTES?

Full-Time Equivalent Students (FTES) measures the number of student instruction hours. One FTES is equivalent to 525 instruction hours, the estimated number for a typical full-time student.

## Enrollment-Based Funding Formula (2006–2017)

The EBFF established a straightforward system for district apportionment that reduced funding disparities across districts.<sup>16</sup> The EBFF:

- implemented FTES as its primary measure.
- established equal per-student funding rates across districts.
- increased compensation for diseconomies of scale,<sup>17</sup> or the increased per-student costs typically faced by smaller institutions.

Under the EBFF, a district’s apportionment was equal to the sum of two main funding components.<sup>18</sup> The first of these was the “basic allocation,” a lump sum payment that funded a district according to its number of colleges and centers.<sup>19</sup> The second was “instructional funding”<sup>20</sup> that funded three types of instruction at distinct per-student rates. District apportionment under the EBFF can be visualized in the following equation:

$$\text{EBFF Apportionment} = \text{Basic Allocation} + \text{Instructional Revenue}$$

### EBFF: Basic Allocation

A district’s basic allocation was determined by its number of colleges, number of education centers, and prior year FTES.<sup>21</sup> A single-college district received higher per-college rates than a multi-college district to compensate for its higher per-student costs.<sup>22</sup> For instance, because colleges within a district may share centralized administrative services, a multi-college district tends to pay less for these services in per-student terms than a single-college district. Moreover, rural colleges<sup>23</sup> were eligible for a per-college rate premium under the Rural College Access Grant.<sup>24</sup>

Table 1 shows the basic allocation schedule in 2006–07. A district earned the summed rates for each of its colleges and education centers.<sup>25</sup> For instance, a sample district that contained two non-rural colleges, one with 25,000 FTES and another with 15,000 FTES, received a basic allocation of \$7.5 million.

Table 1. EBFF: Basic Allocation Schedule in 2006–07

FTES Level	Rate per College for Single-College Districts	Rate per College for Multi-College Districts	Rate per Education Center
FTES ≥ 20,000	\$5,000,000 <sup>†</sup>	\$4,000,000 <sup>†</sup>	—
10,000 ≤ FTES < 20,000	\$4,000,000 <sup>†</sup>	\$3,500,000 <sup>†</sup>	—
FTES < 10,000	\$3,000,000 <sup>†</sup>	\$3,000,000 <sup>†</sup>	—
FTES ≥ 1,000	—	—	\$1,000,000
750 ≤ FTES < 1,000	—	—	\$750,000*
500 ≤ FTES < 750	—	—	\$500,000*
250 ≤ FTES < 500	—	—	\$250,000*
100 ≤ FTES < 250	—	—	\$125,000*

Notes: (†) Denotes the rates that increase by \$500,000 for rural colleges. (\*) Denotes the rates that are only eligible for “grandparented” education centers, those that existed prior to the EBFF’s implementation. Reported rates are obtained from California Code of Regulations, Title 5, § 58771 Base Fiscal Year Revenues (2011).

## EBFF: Instructional Funding

A district's instructional funding was determined by its current year FTES in three course types:

- Credit: Graded courses that align with a district's recommended curriculum for an associate degree and meet a requisite level of academic intensity.
- Noncredit: Ungraded courses that do not count towards associate degree completion. Such courses are open to any student without fees and often support students who are non-native English speakers and precollegiate learners, as well as those preparing for citizenship, preparing to enter the workforce, or seeking to improve life skills.
- Career Development and College Preparation (CDCP): Noncredit courses that emphasize vocational and precollegiate training through certificate programs.<sup>26</sup>

To compute a district's current year instructional funding under the EBFF, the state multiplied a district's current year FTES in each course type by its respective funding rate.<sup>27</sup> Instructional funding equaled the sum of these three products. In 2006–07, per-FTES funding rates were set at \$4,367 for credit, \$2,626 for noncredit, and \$3,092 for CDCP instruction.<sup>28</sup> Because credit instruction made up roughly 95% of total FTES in the CCC system<sup>29</sup> and was funded at the highest rate for much of the duration of the EBFF,<sup>30</sup> credit FTES was the primary driver of district apportionment revenue under this formula.

## EBFF: Inflation Funding

Inflation funding supplemented a district's basic allocation and instructional funding to compensate for increased costs over time.<sup>31</sup> In each budget year, the state set a single cost of living adjustment (COLA) rate for the CCC system and used Prop. 98 funds to support those increased costs.<sup>32</sup> A district's inflation funding was equal to its prior year apportionment multiplied by the COLA rate.

## Student-Centered Funding Formula (2018–Present)

The state designed the SCFF to reform inefficiencies in the CCC system that were outlined in the California Community College Chancellor's Office's (CCCCO) *Vision for Success*.<sup>33</sup> The *Vision* set goals for increasing student completion rates of certificates and associate degrees and reducing achievement gaps for less-advantaged student groups. To meet these goals, the SCFF employs new funding components for a more multi-faceted and equity-focused approach to formula funding. The SCFF:

- Retains the basic allocation, instructional funding, and inflation funding components from the EBFF.<sup>34</sup> While preserving the function of these components, the legislature changes funding rates over time according to inflation and other budgetary priorities.
- Adds the supplemental allocation,<sup>35</sup> which pays districts for their counts of Pell Grant recipients,<sup>36</sup> Promise Grant recipients,<sup>37</sup> and undocumented students.
- Adds the student success allocation, which pays districts for their counts of students who achieve one of nine outcomes.
- Includes a hold harmless provision that protects districts against revenue losses in the SCFF relative to the EBFF.

District apportionment under the SCFF can be visualized in the following equation:

$$\text{SCFF Apportionment} = \text{Basic Allocation} + \text{Instructional Revenue} + \text{Supplemental Allocation} + \text{Student Success Allocation}$$

## SCFF: Basic Allocation

The state computes a district’s basic allocation under the SCFF in the same manner that it did under the EBFF. Table 2 shows per-college and per-center funding rates for the 2020–21 funding year. Compared to Table 1, these rates reflect increased funding over time.

**Table 2. SCFF: Basic Allocation in Schedule in 2021–22**

FTES Level	Rate per College for Single-College Districts	Rate per College for Multi-College Districts	Rate per Education Center
FTES ≥ 20,000	\$7,084,000 <sup>†</sup>	\$5,667,000 <sup>†</sup>	—
10,000 ≤ FTES < 20,000	\$5,667,000 <sup>†</sup>	\$4,959,000 <sup>†</sup>	—
FTES < 10,000	\$4,251,000 <sup>†</sup>	\$4,251,000 <sup>†</sup>	—
FTES ≥ 1,000	—	—	\$1,417,000
750 ≤ FTES < 1,000	—	—	\$1,063,000*
500 ≤ FTES < 750	—	—	\$708,000*
250 ≤ FTES < 500	—	—	\$354,000*
100 ≤ FTES < 250	—	—	\$177,000*

Notes: (†) Denotes the rates that increase by \$1,352,000 for rural colleges. (\*) Denotes the rates that are only eligible for “grandparented” education centers, those that existed prior to the EBFF’s implementation. Reported rates are obtained from California Community Colleges 2021–22 First Principal Apportionment Exhibit C.

## SCFF: Instructional Funding

The SCFF modified instructional funding in two primary ways. First, to calculate a district’s credit FTES under the SCFF, the state uses a three-year average measure as opposed to the current year measure it had used under the EBFF.<sup>38</sup> For the noncredit and CDCP FTES categories, it retains the current year measure. Second, the SCFF reduced the credit FTES funding rate by roughly 30%, but did not change the rates for the remaining FTES categories. In 2021–22, per-FTES rates are \$4,212 for credit instruction, \$3,552 for noncredit instruction, and \$5,907 for CDCP instruction.<sup>39</sup> This reduced credit FTES rate does not imply that per-student funding declined following the SCFF’s implementation. Rather, this reduced instructional funding is supplanted by revenue provided by the new supplemental and student success allocations. The state set SCFF funding rates so that, on average, 70% of a district’s apportionment is composed of instructional funding, 20% is composed of supplemental allocation funding, and 10% is composed of student success allocation funding.

## Supplemental Allocation

The supplemental allocation compensates a district for its level of student socioeconomic need.<sup>40</sup> This aspect of the SCFF is a significant departure from earlier formula funding practices as it aims to shift resources towards less-advantaged students. A district’s supplemental allocation is computed according to its prior year headcount of Pell Grant recipients, Promise Grant recipients, and undocumented students.<sup>41</sup> In 2021–22, the state paid a district \$996 for each student type.<sup>42</sup> A student who meets two of these criteria earns two rates for their district.<sup>43</sup> Through these financial incentives, this allocation was also designed to spur improvements in financial aid practices in order to award more Pell and Promise Grants to eligible students.

## Student Success Allocation

The student success allocation creates financial incentives for improving student achievement and closing student achievement gaps.<sup>44</sup> By paying a district for its counts of students who achieve certificates, degrees, and other outcomes, policymakers sought to encourage administrative reforms that improve student completion in targeted areas. For instance, a district may respond to the added financial incentives for certificate and degree completion by implementing stackable credentials, or curricular pathways in which a student may earn a shorter-term certificate while working towards a longer-term certificate or degree. Like the supplemental allocation, this allocation provides additional support for financial aid recipients. It pays a district a premium rate for its number of enrolled Pell and Promise Grant recipients who achieve each outcome. This adds incentives for districts to improve success among less-advantaged student groups.

Table 3 shows the 2021–22 student success allocation schedule, which awards different point values for nine different outcomes across all students, Pell Grant recipients, and Promise Grant recipients.<sup>45</sup> The schedule uses two per-point rates: \$587 for all students and a \$148 premium for Pell Grant and Promise Grant recipients.<sup>46</sup> Like in the supplemental allocation, a student who is both a Pell Grant and Promise Grant recipient earns both rate premiums for a given outcome. For instance, the state would compute \$2,873 for student who earns an associate degree and is both a Pell Grant and Promise Grant recipient. To compute a district’s student success allocation, the state multiplies a district’s three-year average count of all students, Pell Grant recipients and Promise Grant recipients who achieve each outcome<sup>47</sup> by the respective funding rates for each outcome and student group. The sum of these products equals a district’s student success allocation.

**Table 3. Student Success Allocation Schedule in 2021–22**

Outcome	All Students		Pell Grant Recipients		Promise Grant Recipients	
	Points	Rate \$587 per Point	Points	Rate \$148 per Point	Points	Rate \$148 per Point
Associate Degree for Transfer (ADT)	4	\$2,349	6	\$888	4	\$593
Associate Degree (excluding ADT)	3	\$1,762	4.5	\$667	3	\$444
Baccalaureate Degree	3	\$1,762	4.5	\$667	3	\$444
Credit Certificate	2	\$1,175	3	\$444	2	\$296
Transfer Level Math or English	2	\$1,175	3	\$444	2	\$296
Transfer to a Four-Year University	1.5	\$881	2.25	\$333	1.5	\$222
Nine or More CTE Units	1	\$587	1.5	\$222	1	\$148
Regional Living Wage	1	\$587	1.5	\$222	1	\$148

Source: California Community Colleges 2021-22 First Principal Apportionment Exhibit C.

## The Effect of the Hold Harmless and Pandemic Provisions

SCFF implementation affected formula-computed revenue unequally across districts. The formula computes higher revenue for districts with higher rates of financial aid recipients and/or student success outcomes and lower revenue for districts with lower rates of these measures. To ease the transition between the EBFF and SCFF for districts with lower calculated revenue, original SCFF legislation included a hold harmless provision in 2018–19 through 2020–21, the first three years of the policy.<sup>48</sup> In this period, each district was provided a funding floor equal to its 2017–18 apportionment revenue plus the corresponding inflation funding in each year to protect against revenue losses.

A district that is funded at its hold harmless funding level faces reduced incentives to improve performance on the SCFF compared to one that is funded at its SCFF-computed funding level. It cannot experience a revenue decline, so it does not stand to lose revenue from scoring lower on SCFF measures. Further, unless it raises its SCFF-computed funding level above its hold harmless funding level, it does not stand to gain revenue from scoring higher on SCFF measures either. By contrast, a district funded at its SCFF-computed level can either gain or lose revenue according to its performance on SCFF measures. For instance, if it enrolls one more or fewer Pell Grant recipient, it gains or loses the per-student rate set by the supplemental allocation.

The state extended the hold harmless period in each of the 2019–20, 2020–21 and 2021–22 budgets.<sup>49</sup> These measures set the hold harmless to expire at the end of 2024–25, after which districts could experience fiscal declines. In the 2022–23 budget, the state implemented a new measure to improve district financial stability following the hold harmless expiration.<sup>50</sup> Beginning in 2025–26, a district’s funding floor will be equal to its 2024–25 hold harmless funding level or its SCFF-generated funding level, whichever is higher. This new funding floor is not set to expire, but it is also not adjusted for inflation. This means that in the years following 2024–25, a district’s funding floor could decrease in real terms as its costs of delivering services rise with inflation.

Moreover, the CCCCO implemented a COVID-19 emergency conditions allowance to ensure that districts did not lose revenue because of enrollment declines following the onset of the pandemic.<sup>51</sup> In 2019–20 through 2022–23, the CCCCO computes a district’s instructional funding using pre-pandemic FTES levels. For a district funded at its SCFF-computed level, this measure prevents a revenue decline resulting from reduced enrollment. For a district funded at its hold harmless level, this measure does not affect revenue since its hold harmless funding level was higher than its SCFF-computed funding level prior to the onset of the pandemic. Among districts that receive formula funding in 2021–22, roughly one-third receive a funding level that is held up by the hold harmless provision while two-thirds receive revenue that is held up by a higher SCFF-computed funding level using pre-pandemic FTES.<sup>52</sup>

## Looking Ahead

The state’s extension of the hold harmless period has provided districts a stable funding floor amid substantial enrollment losses,<sup>53</sup> but it has also prolonged the period during which many districts face reduced financial incentives to improve performance on the SCFF. Funding changes provided in the 2022–23 budget offer a way of transitioning districts from the hold harmless to an SCFF-computed funding level. First, the budget includes a substantial increase in Prop. 98 funds that will result in higher SCFF funding rates.<sup>54</sup> Because of rising SCFF-computed funding levels, only 10 districts are projected to be funded by the hold harmless in 2022–23.<sup>55</sup> Second, once the state implements the new funding floor in 2025–26, additional districts may transition to an SCFF-computed funding level in future years. This is because the SCFF-computed funding level will increase with inflation whereas the new funding floor will not.

These changes mean that more districts will face the set of SCFF financial incentives that policymakers originally intended as district revenue will increase or decrease according to changes in student financial aid receipt and student success outcomes. This raises the stakes for districts and colleges to implement administrative reforms to increase these measures.

However, the success of this transition away from hold harmless funding will depend on future enrollment levels and whether the CCCCO continues to use the emergency conditions allowance. If enrollment remains low and the emergency conditions allowance expires, SCFF-computed revenue is likely to decline significantly for most districts. In this case, more districts will be funded at their funding floor and face reduced financial incentives from the formula. However, if SCFF-computed FTES levels remains at pre-pandemic levels, either because actual enrollment grows or the emergency conditions allowance is extended, the transition away from hold harmless funding is more likely to be effective.

Going forward, it will be important to monitor changes in student outcomes to evaluate whether the SCFF achieves its objectives of increased financial aid awarding and student success. For an evaluation of the early effects of SCFF implementation on financial aid receipt, see *Funding Incentives for California Community Colleges: Impacts of the Student-Centered Funding Formula on Financial Aid Receipt*. Results show that the SCFF implementation appears to have produced gains in student Pell Grant receipt and, to a lesser extent, Promise Grant receipt. However, a comparison of effects across institutions reveals that SCFF financial incentives were likely not the primary driver for these gains. Rather, state messaging surrounding equity-focused reforms may have been a more likely catalyst.



## Author Biography and Acknowledgements

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## Endnotes

- <sup>1</sup> CCCCCO. (2022c). *Annual/Term Student Count Report*. Management Information Systems Data Mart. [datamart.cccco.edu/students/Student\\_Term\\_Annual\\_Count.aspx](http://datamart.cccco.edu/students/Student_Term_Annual_Count.aspx)
- <sup>2</sup> One college and district, CalBright, is an online college that receives revenue from state categorical funding but not formula funding. Steenhausen, P. (2022). *The 2022–23 Budget: Analysis of Major CCC Proposals*. [lao.ca.gov/Publications/Report/4531](http://lao.ca.gov/Publications/Report/4531)
- <sup>3</sup> CCCCCO. (2022b). *Key Facts*. CCCCCO. [cccoco.edu/About-Us/Key-Facts](http://cccoco.edu/About-Us/Key-Facts)
- <sup>4</sup> Smith, C. J. (2018). *Introduction to Fiscal Responsibilities: A Resource for Governing Boards*. Community Colleges League of California.
- <sup>5</sup> Not all CCC districts receive apportionment revenue. Several districts, known as “Community-Supported” districts, raise a large amount of local tax revenue that exceeds the apportionment revenue they would receive from the formula (Smith, 2018). These districts retain all local revenue and, as a result, do not receive additional revenue from the state funding formula. Because of their independence from formula funding, these districts are not financially affected by changes to the funding formula.
- <sup>6</sup> Districts still face some requirements in spending unrestricted revenues, including that half of these funds be spent on instruction (Smith, 2018).
- <sup>7</sup> Smith (2018)
- <sup>8</sup> Petek, G. (2020). *The 2020–21 Budget: Higher Education Analysis*. Legislative Analyst's Office. [lao.ca.gov/reports/2020/4168/higher-ed-analysis-022020.pdf](http://lao.ca.gov/reports/2020/4168/higher-ed-analysis-022020.pdf)
- <sup>9</sup> Kappahn, K., & Kuhn, J. (2017). *A Historical Review of Proposition 98*. Legislative Analyst's Office. [lao.ca.gov/reports/2017/3526/review-prop-98-011817.pdf](http://lao.ca.gov/reports/2017/3526/review-prop-98-011817.pdf)
- <sup>10</sup> Community College League of California. (2017). *A Fair Share*. Community College League of California. [cclleague.org/sites/default/files/why\\_the\\_split\\_matters\\_2017.pdf](http://cclleague.org/sites/default/files/why_the_split_matters_2017.pdf). Though a state statute sets a minimum 10.9% annual allocation for the CCC system, the Legislature often suspends this to set a lower allocation. In practice, this 10.9% has acted more as a funding ceiling than a floor (Community College League of California, 2017).
- <sup>11</sup> Murphy, P. J. (2004). *Financing California's Community Colleges*. Public Policy Institute of California. [ppic.org/content/pubs/report/R\\_104PMR.pdf](http://ppic.org/content/pubs/report/R_104PMR.pdf).
- <sup>12</sup> Scott, T. M. (2016). *Community College Finance Past/Present/Future*. [acbo.org/files/institute/2018/T\\_Scott\\_cc\\_finance\\_handbook\\_2016\(3\).pdf](http://acbo.org/files/institute/2018/T_Scott_cc_finance_handbook_2016(3).pdf).
- <sup>13</sup> CCCCCO. (2019). *Student Centered Formula Responses to Frequently Asked Questions*. [cccoco.edu/-/media/CCCCO-Website/College-Finance-and-Facilities/SCFF/Jan-2021/NonTechFAQ-Aug-2020-Update.pdf?la=en&hash=390C1F2A96BF7DA39AC8C9C1F8D647EDC6161BFF](http://cccoco.edu/-/media/CCCCO-Website/College-Finance-and-Facilities/SCFF/Jan-2021/NonTechFAQ-Aug-2020-Update.pdf?la=en&hash=390C1F2A96BF7DA39AC8C9C1F8D647EDC6161BFF)
- <sup>14</sup> Murphy (2004)
- <sup>15</sup> FTES measures enrollment by student instruction hours (Mullen, 2020; Scott, 2016). One FTES is equivalent to 525 instruction hours, the estimated instructional hours for a typical full-time student.
- <sup>16</sup> Smith (2018)
- <sup>17</sup> CCCCCO (2019)
- <sup>18</sup> Jaschik, S. (2006). Changing the Equation. *Inside Higher Ed*. [insidehighered.com/news/2006/10/04/california-changes-law-how-community-colleges-are-financed](http://insidehighered.com/news/2006/10/04/california-changes-law-how-community-colleges-are-financed)
- <sup>19</sup> Jaschik (2006); Scott (2016)
- <sup>20</sup> Base Fiscal Year Revenues, 5 C.C.R. § 58771 (2011). [govt.westlaw.com/calregs/Document/1F5EDB9A0A35511E0B58A968807045B20?viewType=FullText&originationContext=documenttoc&transitionType=CategoryPageItem&contextData=\(sc.Default\)](http://govt.westlaw.com/calregs/Document/1F5EDB9A0A35511E0B58A968807045B20?viewType=FullText&originationContext=documenttoc&transitionType=CategoryPageItem&contextData=(sc.Default))
- <sup>21</sup> Education centers are district campus sites with lower FTES than colleges (Scott, 2016).
- <sup>22</sup> This may also be referred to as “FTES Revenue” by the state.
- <sup>23</sup> Base Fiscal Year Revenues (2011)
- <sup>24</sup> Scott (2016)
- <sup>25</sup> Colleges and centers in single-college districts with fewer than 5,000 credit FTES and a population density less than half the statewide average were eligible for this grant. California Community Colleges Systems Office. (2006). *SB 361 (Scott)/Community Colleges Funding Formula Reform*. [clpccd.org/business/documents/SB361.pdf](http://clpccd.org/business/documents/SB361.pdf)
- <sup>26</sup> Smith (2018)
- <sup>27</sup> Smith (2018)
- <sup>28</sup> Base Fiscal Year Revenues (2011)
- <sup>29</sup> Aschenbach, C., & Young, J. (2016). *The Reemergence of Noncredit in the California Community Colleges*. Academic Senate for Community Colleges Standards and Criteria for Courses, 5 C.C.R. § 55002 (2019). [govt.westlaw.com/calregs/Document/19D2D0137ACF049019AC07C153D823E3B?transitionType=Default&contextData=%28sc.Default%29](http://govt.westlaw.com/calregs/Document/19D2D0137ACF049019AC07C153D823E3B?transitionType=Default&contextData=%28sc.Default%29)
- <sup>30</sup> Base Fiscal Year Revenues (2011)
- <sup>31</sup> Community colleges: Funding. Cal. S.B. 361 (2005–2006), Chapter 631 (Cal. Stat. 2006). [leginfo.ca.gov/faces/billTextClient.xhtml?bill\\_id=200520060SB361](http://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=200520060SB361). The legislature adjusted these rates over time for various reasons. For instance, in 2015–16, the Legislature began funding CDCP courses at the same rate as credit courses (Smith, 2018). These rates also were adjusted upwards or downwards depending on the state's budget condition.
- <sup>32</sup> Aschenbach and Young (2016)
- <sup>33</sup> Smith (2018)
- <sup>34</sup> Base Fiscal Year Revenues (2011)
- <sup>35</sup> Petek (2020)
- <sup>36</sup> CCCCCO (2019)
- <sup>37</sup> CCCCCO (2019)
- <sup>38</sup> The supplemental allocation is analogous to the supplemental grant in the LCFF, the state's K-12 funding formula. California Department of Education. (2021). *Local Control Funding Formula Overview*. [cde.ca.gov/fg/aa/lc/lcffoverview.asp](http://cde.ca.gov/fg/aa/lc/lcffoverview.asp).
- <sup>39</sup> The Pell Grant covers tuition for a student who demonstrates a requisite level of financial need on their Free Application for Federal Student Aid. Congressional Research Service. (2018). *Federal Pell Grant Program of the Higher Education Act: Primer*. [fas.org/spp/crs/misc/R45418.pdf](http://fas.org/spp/crs/misc/R45418.pdf)
- <sup>40</sup> The Promise Grant was formerly known as the Board of Governors fee waiver. It covers student enrollment fees for low-income students. Martorell, P., & Friedmann, E. (2018). *Money Left on the Table* (Research Brief Volume 3, Number 3). Wheelhouse: The Center for Community College Leadership and Research. [education.ucdavis.edu/sites/main/files/ucdavis\\_wheelhouse\\_research\\_brief\\_vol3no3\\_online\\_1.pdf](http://education.ucdavis.edu/sites/main/files/ucdavis_wheelhouse_research_brief_vol3no3_online_1.pdf)
- <sup>41</sup> Program-Based Funding, 3 E.D.C. § 84750.4 (2020). [leginfo.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=EDC&sectionNum=84750.4](http://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=EDC&sectionNum=84750.4).
- <sup>42</sup> CCCCCO. (2022a). *California Community Colleges 2021–22 First Principal Statewide Totals Exhibit C*. [cccoco.edu/-/media/CCCCO-Website/College-Finance-and-Facilities/Appportionments-2021-22/March-2022/fy2021-22p1exhibitmarch2022-a11y.pdf?la=en&hash=6A6A7888EFEEBC5F096DA6A6382F210882A8D623](http://cccoco.edu/-/media/CCCCO-Website/College-Finance-and-Facilities/Appportionments-2021-22/March-2022/fy2021-22p1exhibitmarch2022-a11y.pdf?la=en&hash=6A6A7888EFEEBC5F096DA6A6382F210882A8D623)
- <sup>43</sup> CCCCCO (2019)
- <sup>44</sup> Program-Based Funding (2020)



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**Wheelhouse** was established in 2016 to support California community college leaders through annual professional learning institutes and independent, actionable research. Wheelhouse is supported by UC Davis, the Institutional Effectiveness Partnership Initiative (California Community Colleges Chancellor's Office) and private philanthropy.

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<sup>42</sup> CCCCC (2022a)

<sup>43</sup> However, it is highly unlikely that one student earns three rates since undocumented students are typically not eligible for the Pell Grant (CCCCO, 2019).

<sup>44</sup> CCCCC (2019)

<sup>45</sup> CCCCC (2019); Program-Based Funding (2020)

<sup>46</sup> CCCCC (2022a)

<sup>47</sup> In the 2018–19 funding year, a district could earn multiple rates for a student who achieved multiple outcomes in the prior year. However, in 2019–20, the state stipulated that a district could only earn the rate associated with the highest-point outcome for such a student (Kuhn, 2019).

<sup>48</sup> Steenhausen (2022)

<sup>49</sup> Steenhausen (2022)

<sup>50</sup> Committee on Budget. Higher education trailer bill. Cal. A.B. 183 (2021-2022), Chapter 54 (Cal. Stat. 2022). [leginfo.ca.gov/faces/billNavClient.xhtml?bill\\_id=20210220AB183](http://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=20210220AB183).

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<sup>51</sup> Navarette, L. (2020). *Novel Coronavirus (COVID-19) Guidance – Phase Out of Certain Emergency Allowances for Attendance Accounting Methods and Student Withdrawals*. California Community Colleges Chancellor's Office. [cccco.edu/-/media/CCCCO-Website/Files/Communications/COVID-19/Memos/fs-20-09-covid-19-guidance-attendance-accounting-and-withdrawals.pdf?la=en&hash=1FBCE7A7345C121BC29611C6A8FB6ECC433F2A3](http://cccco.edu/-/media/CCCCO-Website/Files/Communications/COVID-19/Memos/fs-20-09-covid-19-guidance-attendance-accounting-and-withdrawals.pdf?la=en&hash=1FBCE7A7345C121BC29611C6A8FB6ECC433F2A3)

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<sup>52</sup> According to the 2021–22 Second Principal Apportionment, 23 districts are funded at their hold harmless level, 41 districts are funded at their SCFF-computed funding level, and 8 districts are Community-Supported and thus do not receive formula funding.

<sup>53</sup> In spring 2021, total enrollment in the CCC system was about 14% lower than its expected level in the absence of the pandemic. This is part of forthcoming Wheelhouse research work.

<sup>54</sup> Ting (2022)

<sup>55</sup> CCCCC (2022). 2022 Annual Budget Workshop. [cccco.edu/-/media/CCCCO-Website/College-Finance-and-Facilities/Budget-News/2022-Budget-Workshop/2022-annual-budget-workshop-a11y.pdf?la=en&hash=8E034C5FAE08BDA203A44D5EDFB27299971079F6](http://cccco.edu/-/media/CCCCO-Website/College-Finance-and-Facilities/Budget-News/2022-Budget-Workshop/2022-annual-budget-workshop-a11y.pdf?la=en&hash=8E034C5FAE08BDA203A44D5EDFB27299971079F6)