

# COMMUNITY COLLEGE UPDATE

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## Senate Budget Subcommittee Discusses SCFF

Just before leaving for Spring Recess on Thursday, April 12, 2019, the Senate Budget Subcommittee on Education, chaired by Senator Richard Roth (D-Riverside), held a hearing to discuss several community college items including the Student Centered Funding Formula (SCFF).

One of the biggest issues discussed about the SCFF was the Chancellor's Office estimate that the apportionment shortfall in the current year will be over \$300 million, which is based on preliminary data released at the end of February. The Chancellor's Office estimates that \$143 million of the shortfall is for the SCFF, primarily due to the Student Success Allocation exceeding levels assumed in the 2018-19 Budget Act. Local property taxes are also coming in lower than budgeted, but this is likely to be resolved, at least in part, later in the fiscal year as property tax revenues come in.

The Legislative Analyst's Office (LAO) provided the committee a handout that listed some considerations that the Legislature should consider when deciding to cover the shortfall. The LAO asserts that covering the shortfall would signal support for the new funding formula, while not covering the shortfall would result in each district having its 2018-19 apportionment amount prorated downward. The Chancellor's Office has indicated, however, that it would ensure that all colleges receive at least their 2017-18 amounts, augmented by the cost-of-living adjustment.

The LAO also recommends using a three-year rolling average to distribute the Student Success Allocation, which should help with swings in the funding. Additionally, the LAO suggests exploring better cost-containment options rather than capping the Student Success Allocation, as currently proposed in Governor Gavin Newsom's 2019-20 Budget proposal. The LAO argues that capping the allocation could reduce incentives for districts in maximizing improvements in student outcomes. The LAO recommends that a better approach is limiting the amount of outcome-based funding generated by an individual student to the highest award earned in a particular year. For example, if a student receives both an associate degree and a certificate in the same academic year, the student would only generate funding for the associate degree. This would, according to the LAO, prevent districts from generating additional funding by granting students with unnecessary additional credentials or certificates, yet still reward districts that see improvements in student completion.

The subcommittee will continue their wait-and-see approach, to see how revenues come in and what Governor Newsom provides in his 2019-20 May Revision.

You can find the complete agenda and background information on all community college items discussed [here](#).

—*Kyle Hyland*