Student Centered Funding Formula

Peer Learning Community

California Community Colleges
Chancellor's Office

April 22, 2022

30TH ANNIVERSARY FCMAT

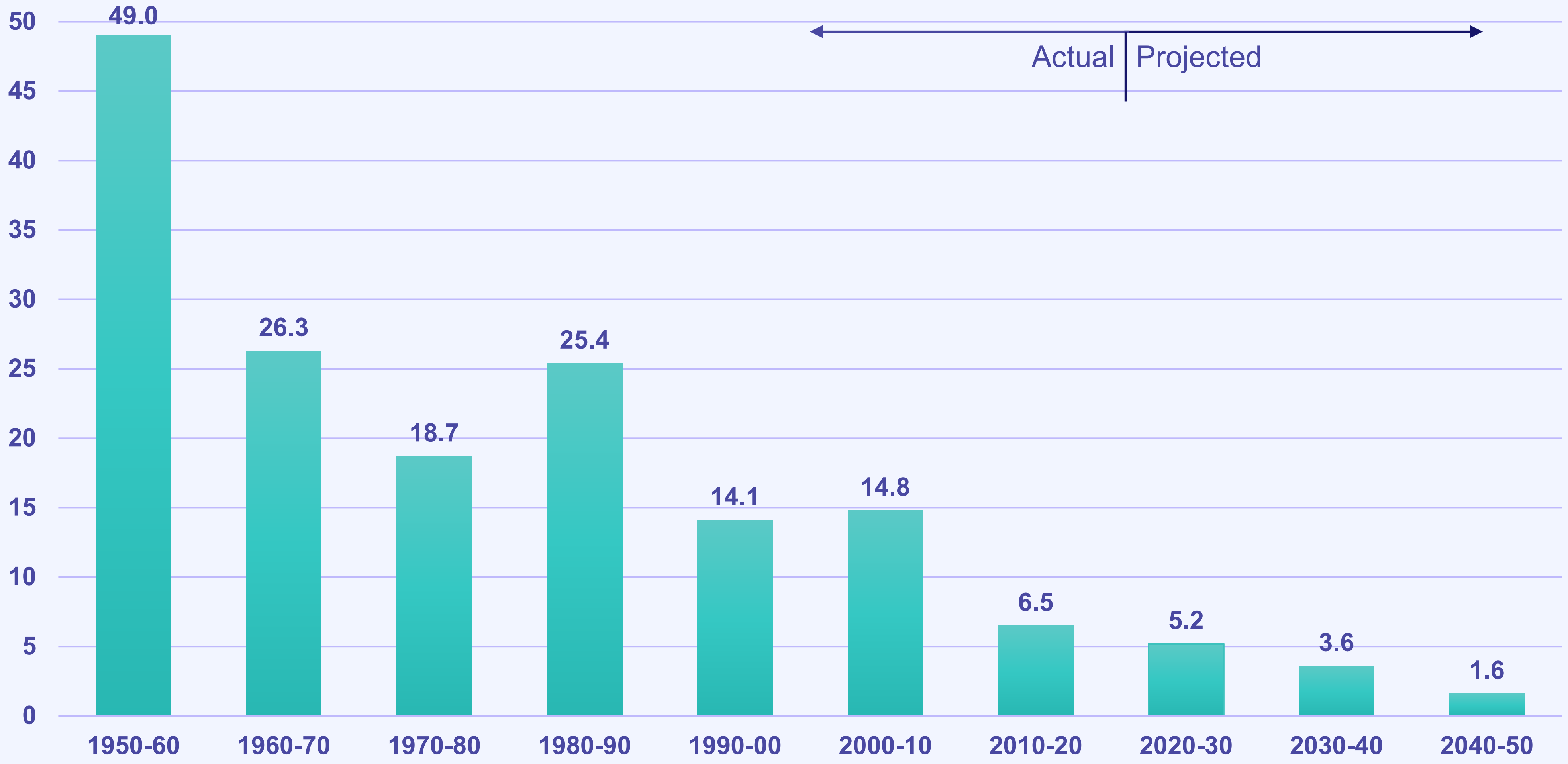
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

CW/P
Cambridge West Partnership, LLC

The Big Picture: Declining Population

- California lost population for the first time in state history
  - Birthrates are down, death rates are up, net migration is down
  - Public Policy Institute of California (PPIC) estimates that total fertility rate (TFR) for 2020 is 1.52, down from 2.20 in 2007; a TFR of 2.1 is considered necessary to avoid population decline
  - Fewer teen pregnancies, higher college going rates, college debt, housing costs and broader economics – such as the struggle of young adults to establish financial independence and their own households – all contribute
    - Average age for first marriage for women has surpassed 30 for first time
    - Percent of women in 20s living with parents is 46%
    - Percent of men in 20s living with parents is 51%

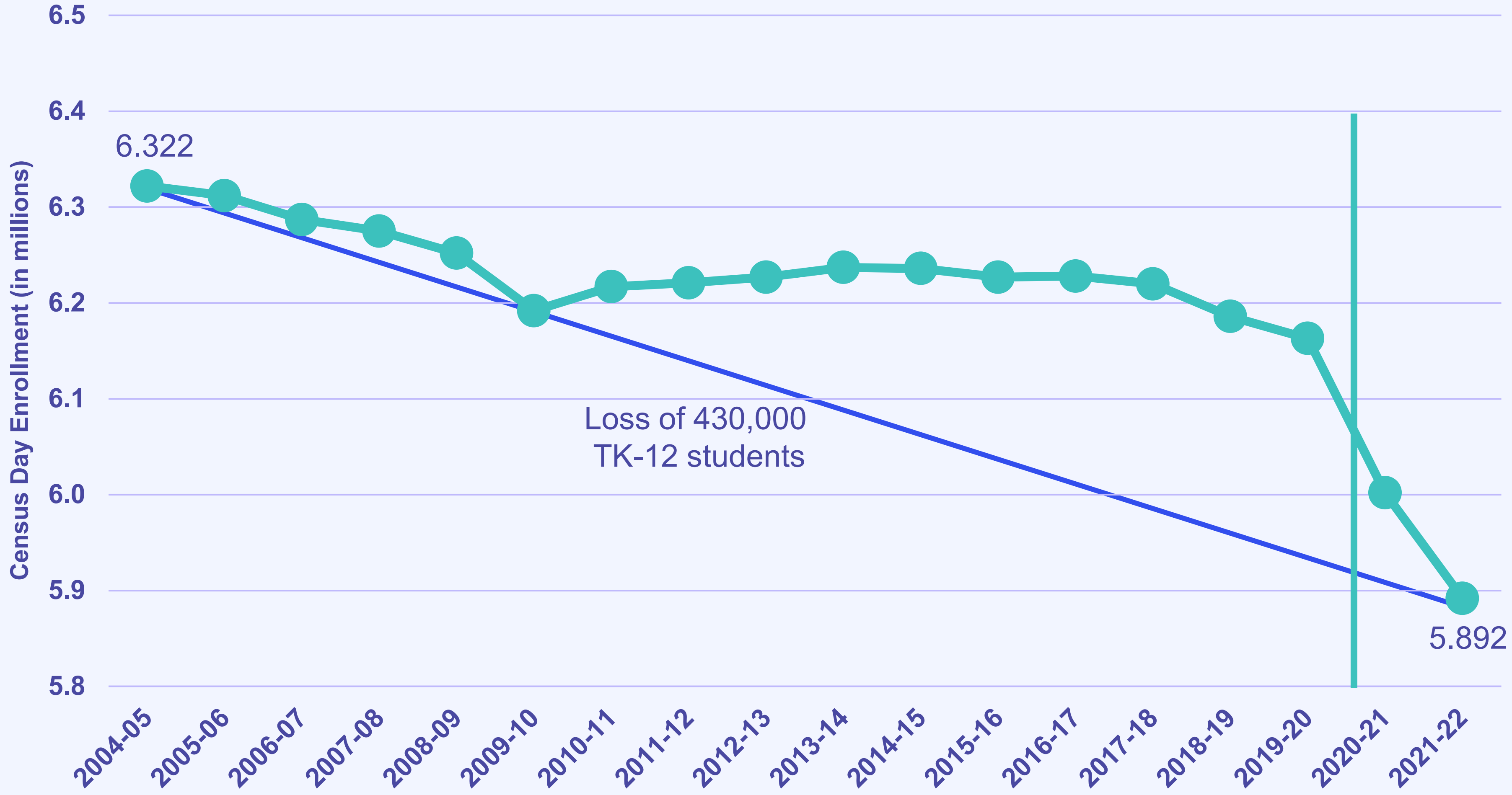
Percentage of Growth of California Population



Lots of Talk About Migration Out

- Based on early analysis of 2020 census data, PPIC reports
  - International immigration has slowed, but generating interest is the large migration out of California to other states
  - During the past decade, 6.1 million people moved to other states, while only 4.9 million moved to California from other states
    - Those that move here are more likely to be working age, employed, have higher education levels and earning high wages – concentrated among young college graduates
    - Those that left California cited jobs (49%), housing (23%), or family (29%) as the primary reason

Declining TK-12 Enrollment is Not New



Declining TK-12 Enrollment Trend

- Pre-pandemic, schools were experiencing enrollment declines
- Over the past seven years (2015-16 to 2021-22) total TK-12 enrollment has declined 5.4%

	Total Enrollment	Change	Percent Change
Fall 2021	5,892,240	-110,283	-1.84%
Fall 2020	6,002,523	-160,478	-2.60%
Fall 2019	6,163,001	-23,277	-0.38%

Declining Kindergarten Enrollment Trend

- Kindergarten enrollment averages around 8.5%, but in 2020-21 it represented only 7.7%, the lowest share of enrollment in a decade
  - Enrollment data from fall 2021 shows some rebound in both kindergarten levels

	2021-22	2020-21
Total kindergarten as percent of enrollment	8.0%	7.7%
Total kindergarten enrollment change	+7,756	-60,837
Total kindergarten percent change	+1.68%	-11.63%
Traditional kindergarten change	+0.3%*	-9.4%
Transitional kindergarten change	+9.7%*	-22.7%

*Estimate

Declining TK-12 Enrollment Trend by Grade

- The lower kindergarten cohort in 2020 extends to first grade in 2021, with fall 2021 first grade down 4.28% over fall 2020
- Other significant grade level changes

Grade Spans	2021-22
Grades 1-5	-3.02%
Grade 6	-0.06%
Grades 7-8	-3.93%
Grades 9-11	-1.24%
Grade 12	+0.73%

Declining TK-12 Enrollment Trend by Subgroup

- Student subgroups with the greatest declines

	2021-22	2020-21	2019-20
African American	-3.52%	-4.52%	-3.03%
American Indian / Alaska Native	-4.69%	-6.44%	-3.43%
Filipino	-4.07%	-2.63%	-2.12%
Pacific Islander	-5.67%	-3.51%	-3.17%
White	-4.94%	-5.56%	-2.49%
Low-income	-2.99%	-3.21%	-0.64%
Foster	-4.01%	-2.94%	-0.66%
Homeless	-6.33%	-5.85%	-6.24%

Subgroups > -2.00% decline shown

Declining TK-12 Enrollment Trend by Region

- For the two-year period 2020-21 and 2021-22, enrollment dropped in half of all counties, but there are signs of improvement

	Total		Non-Charter	
Counties	2021-22	2020-21	2021-22	2020-21
# w/ annual decline	36/58	53/58	32/58	55/58
# w/ two-year decline	33/58		29/58	
# Bay Area w/ annual decline	11/12	12/12	11/12	11/12
# LA / OC / SD / Imperial annual decline	4/4	4/4	4/4	4/4
# San Joaquin Valley annual decline	2/9	9/9	4/9	9/9
# Superior California annual decline	10/23	18/23	7/23	21/23

counties decline / total counties in category

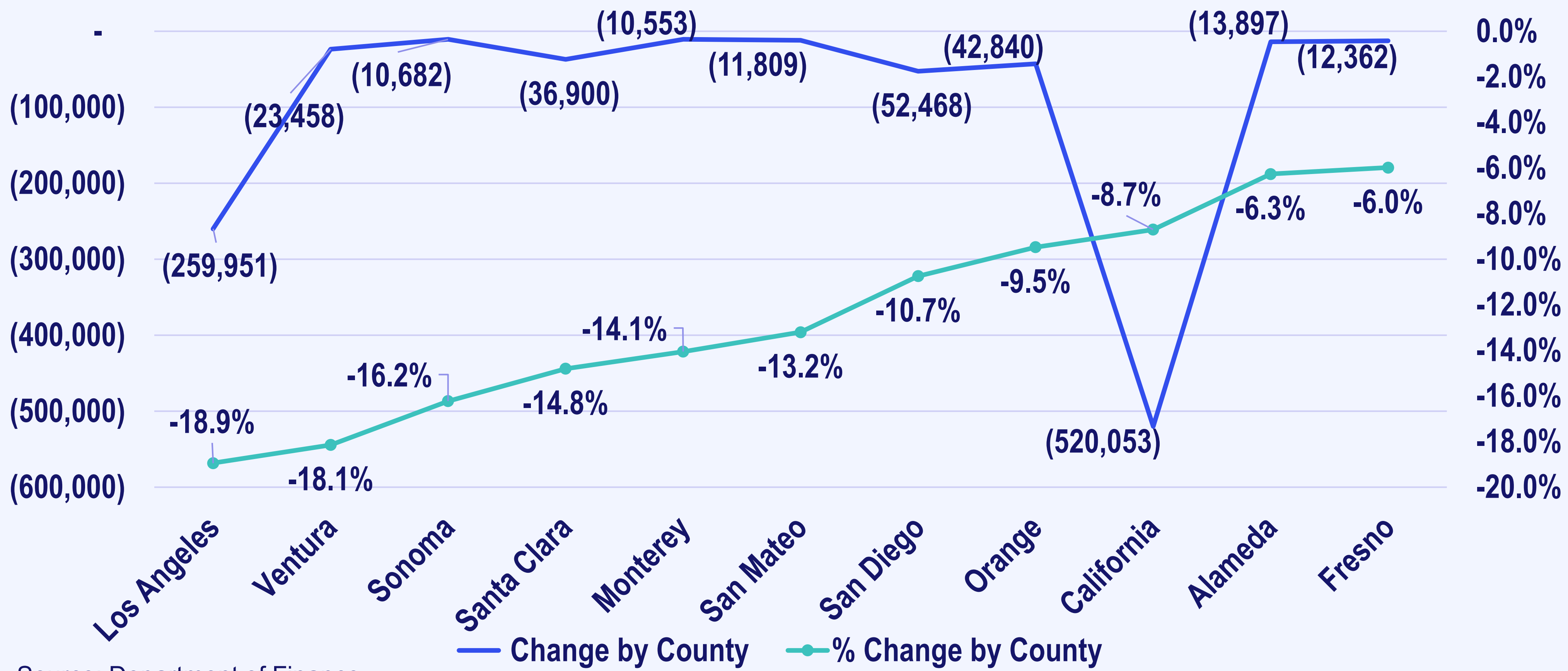
TK-12 Enrollment at Private Schools

- Private school data includes home school data for those home schools that filed an affidavit; assumption is enrollment of five or less students in a private school represent home schools

Private Schools	2018-19	2019-20	2020-21	2021-22
Total enrollment	521,044	514,596	509,777	503,389
Total affidavits	17,672	25,612	38,124	30,083
5 or less enrollment	25,351	38,528	59,275	47,772
5 or less affidavits	14,506	22,429	34,988	27,232
6 or greater enrollment	495,693	488,984	471,653	473,306
6 or greater affidavits	3,166	3,183	3,136	2,851

As of January 28, 2022; private school data excluded in all other enrollment data

Change in School Age Population from 2021-22 to 2030-31



Source: Department of Finance

TK-12 P-1 Average Daily Attendance Affirms Trend

- First Principal Apportionment (P-1) data released on February 18 affirms downward trend across all grade levels and school types
- Compared to 2019-20 (the last ADA reported)
  - 88% of school districts reported lower ADA
  - 67% of charter schools reported lower ADA
  - 56 of 58 county offices of education reported lower ADA
  - 538 school districts (more than half) reported declines between 5% and 15%
  - 125 charter schools reported ADA increases of 30% or more

TK-12 P-1 ADA Affirms Trend (Cont.)

Fiscal Year	Grades TK/K-3	Grades 4-6	Grades 7-8	Grades 9-12
2019-20 annual ADA	1,774,173	1,318,029	918,473	1,850,689
2021-22 P-1 ADA	1,552,895	1,209,546	822,260	1,783,953
2019-20 to 2021-22 change	(221,278)	(108,483)	(96,213)	(66,736)
Percent change	-12.47%	-8.23%	-10.48%	-3.61%

	School Districts		Charter Schools		COEs				Statewide	
Fiscal Year	ADA	Change	ADA	Change	Alt Ed ADA	Change	Dist. Fund ADA	Change	ADA	Change
2020-21	5,208,722	5.17%	666,993	0.80%	13,744	0.13%	19,804	0.29%	5,909,263	0.24%
2021-22	4,728,058	-9.23%	640,596	-3.96%	6,813	-50.43%	18,248	-7.86%	5,393,715	-8.72%
2019-20 to 2021-22 change	(471,639)	-9.07%	(21,071)	-3.18%	(6,913)	-50.36%	(1,498)	-7.59%	(501,121)	-8.50%

Reported ADA/Proxy ADA

Community College Enrollment Trends

- 2017-18 Academic Year – 1,125,665 Full-time equivalent students (FTES)
- 2021-22 Academic Year – 917,875 (est. at P-1) FTES
- Decline of 207,790 FTES or approximately 400,000 unduplicated students

Implications of Declining CCD Enrollment

- Enrollment and revenue are no longer synonymous

- Funding levels have become less equitable at the local level

- Every district is dealing with unique fiscal challenges

    - ❖Primarily due to the hold harmless mechanism’s currently in place

Student Centered Funding Formula (SCFF)

- Primarily Funds Enrollment
  - 70% FTES
  - 20% Low-income populations
  - 10% Student Success

  - Student Success has increased while enrollment continues to decrease

What would revenues look like if the funding model was 10%, 20%, 70%?

Community College Funding Example – State Level

- Total Computation Revenue (TCR) SCFF
  - 2017-18 - $6,283,389,633 ($5,581 per FTES)
  - 2021-22 - $7,860,052,180 ($8,563 per FTES) or ($7,554 per FTES)
  - Increase of $1,576,622,547 or an increase of approximately $650,000,000 if you remove cost of living adjustments (COLAs)
  - Enrollment declined during the same period 18.5% or 200,000 FTES

Community College Funding Example – Locally

District	FTES (P-1)	TCR	$ Per FTES
1	21,170	$178,332,915	$8,424
2	17,773	$137,233,626	$7,721
3	10,430	$127,778,142	$12,251
4	14,080	$119,755,378	$8,505
5	13,629	$143,034,925	$10,495
6	5,847	$54,340,936	$9,294
7	11,681	$105,907,372	$9,067
8	2,556	$39,531,934	$15,466
9	29,447	$209,712,011	$7,122
10	11,495	$98,308,055	$8,553

- These inequities are directly related to enrollment declines

Unique Challenges for Community Colleges

- Every district must have a different revenue strategy
  - The complexity of the SCFF has dealt a different fiscal hand to every district
  - Student success does not generate revenue to offset enrollment loss
  - How do we balance the need to increase enrollment at the same time focus on student success?

Unique Challenges (Cont.)

- Is the alignment of enrollment / revenue / expenses still the California community college (CCC) operational standard?
  - i.e., classroom efficiency, 50% law, student support service levels
- Data integrity / usable reports are no longer an option (who/what/where?)
- Track the yield curve – enrollment / unduplicated headcount
- Keen understanding of fixed costs (trends) – 2024-25 is just around the corner

Questions?

Thank you!