RIVERSIDE COMMUNITY COLLEGE DISTRICT

District Budget Advisory Council Meeting

Friday, April 19, 2019 – CAADO, Conference Room 309A

10:00 a.m. - 12:00 p.m.

<u>AGENDA</u>

I. Welcome and Call to Order

II. Approval of Minutes

    A. February 22, 2019

III. State Budget Update

IV. BAM Revision Project Update

V. Next Meeting – Friday, May 17, 2019, CAADO 309A, 10am to 12pm

RIVERSIDE COMMUNITY COLLEGE DISTRICT
District Budget Advisory Council Meeting

February 22, 2019
CAADO – Conference Room 309A
10:00 a.m. - 12:00 p.m.

MEETING MINUTES

Members Present

Aaron Brown	(District)
Majd Askar	(District)
Michael Collins	(Norco College)
Chip West	(Riverside City College)
Michael McQuead	(Moreno Valley College)
Asatar Bair	(Riverside City College)
Mark Sellick	(District)
Misty Cheatham	(Norco College)
Jennifer Lawson	(Riverside City College)
Victor Bolanos	(District – Proxy for William Diehl)
Rachelle Arispe	(Recorder)

Members Not Present

Nathaniel Jones	(Moreno Valley College)
Peggy Campo	(Norco College)
Nate Finney	(Moreno Valley College)
William Diehl	(District)

I. CALLED TO ORDER
   A. By Aaron Brown

II. 2019-20 GOVERNOR'S BUDGET PROPOSAL
   A. State Update
      1. Brown provided an update to the group regarding the Governor's Budget Proposal totaling $209.1 billion. Expressed in the proposal was: budget resiliency, building reserves by increasing the rainy day fund; a proposal to pay down CalSTRS and CalPERS; a provision to expand paid family leave; a housing provision to address housing affordability and economic growth, a provision for earned income tax credit, funds to augment the emergency service. Community colleges will receive the normal 10.93% share of the Prop 98 allocation.
   B. RCCD FY 2019-20 Governor's Budget Proposal Presentation
      1. Brown briefly reviewed the budget proposal presentation that was presented at the Board of Trustees meeting on February 5, 2019. Brown noted the following:

a. For FY 2019-20, the Governor estimates the K-14 guarantee at $80.7 billion. New funding for community colleges is $246 million.
b. Unrestricted ongoing revenues include 1.11% for growth; 3.46% for COLA; no funding for full-time faculty hiring or part-time faculty office hours; and no unrestricted one-time revenues have been provided.
c. Restricted revenues include College Promise of $40 million, Full-Time Student Success Grant/Completion Grant consolidation of $11 million; COLA for categorical programs of $14 million; and legal services for undocumented immigrants of $10 million.
d. Other categories include no funding for Physical Plant and Instructional Equipment, and under Proposition 51 – State GO Bond $358.7 million was proposed for 15 continuing projects and 12 new projects.
e. A provision is included for changing the student centered funding formula to a revised three year phase-in. The plan is to leave the second year the same as the first, with COLA, then jump to the third year. Also capping the student success allocation with 10% growth over the prior year. This proposal seems to be all or nothing. Brown thinks this proposal goes against the SCFF principles. Conversations ensued regarding the SCFF.
f. CalSTRS Pension Relief includes a total of $3 billion to reduce the K-12 and community college share of the unfunded pension liability and to reduce employer contribution rates.
g. Cal Grant Expansion provides $121.6 million additional financial aid for students who have dependent children.
h. Longitudinal Student Data System provides $10 million to begin planning a new statewide system to connect student information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies.
i. SCFF Legislative Oversight Committee includes twelve members appointed to make recommendations to the legislature and the Department of Finance regarding inclusion of measures related to first-generation college-going students, financial need given cost differences across regions, and academic proficiency of incoming students. Brown added that the Fiscal Affairs Committee is having discussions regarding the same matters and will be making recommendations on the implementations.

2. Brown concluded that FY 2019-20 projections will be brought back to the next DBAC meeting to review prior to going to DSPC and the Board of Trustees.

III. <u>BAM REVISION PROJECT UPDATE</u>

A. Brown explained that the handouts provided are looking at actual data for FY15-16, FY 16-17 and FY 17-18 then rolling the information to see how it would compare to what the district already has as an adopted budget for FY 18-19. Ultimately, once the data is finalized then the district can use this model for the FY 19-20 budget.
B. Askar reviewed the data and provided a handout with "steps" to assist in reading the data.
C. The spreadsheet identifies the commonalities and differences in disciplines to provide a rich discussion as to where each of the colleges needs are in positions, disciplines, etc.
D. Askar will add another tab for FY 2018-19 actuals.
E. Brown indicated that the plan is to add the information that they know in the Cost by Discipline worksheet, then decide on a target FTES number and add it into the FY 19-20 budget.
F. Brown added that there will be a true up for FY 2017-18. The remaining balance will fall to the bottom line, then the group will have to decide what to do with it.

IV. <u>NEXT MEETING</u>

A. Friday, March 15, 2019 – 10:00 a.m. to 12:00 p.m. at the District Office Building – Executive Conference Room 309A.

V. <u>MEETING ADJOURNED AT 11:30 A.M.</u>

Riverside Community College District
P1 Apportionment Analysis
DBAC Meeting - April 19, 2019

Description	P1 Before Deficit	P1 After Deficit	Revised P1 with Deficit	Final
FY 2018-2019 Adopted Apportionment Budget	$ 186,480,836	$ 186,480,836	$ 186,480,836	$ 186,480,836
FY 2018-2019 P1 Apportionment per SCFF	$ 194,109,404	$ 184,340,150	$ 180,254,790	????
P1 Apportionment Difference from Budget	$ 7,628,568	$ (2,140,686)	$ (6,226,046)	????
P1 Apportionment Difference from Actual SCFF	$ 7,628,568	$ 9,769,254	$ 13,854,614	????

"Digest" means an item has been through internal review by the Chancellor's Office and the review entities. The item now has form and substance and is officially "entered into Consultation." The Council reviews the item and provides advice to the Chancellor.

Item 8 Title: Recommendations Related to the Student Centered Funding Formula

Date: April 18, 2019

Contact: Christian Osmeña, Vice Chancellor of College Finance & Facilities Planning

ISSUE

This item seeks consultation on recommendations the Chancellor would make to the Governor and Legislature on changes to the Student Centered Funding Formula (SCFF).

BACKGROUND

The Student Centered Funding Formula, as implemented beginning in the 2018-19 fiscal year, apportions funding to districts using a base allocation linked to enrollment, a supplemental allocation designed to benefit low-income students, and a student success allocation based on each district's student outcomes. Under the planned three-year phase-in of new formula factors, the base allocation would decline from about 70 percent of total funding to 65 percent in 2019-20 and 60 percent in 2020-21. The student success allocation, conversely, would increase from about 10 percent to 15 percent and 20 percent in the three years, respectively. The supplemental allocation would constitute about 20 percent of total funding in each year of the phase-in. This implementation would occur through changes in the funding rates for the base allocation and student success allocation.

The Governor's budget proposal continues the Student Centered Funding Formula but adjusts the implementation provisions in part response to issues raised about SCFF data and revised assumptions about the state's immediate, and longer-term, fiscal condition (including slower Proposition 98 growth moving forward). Specifically, funding rates for 2019-20 would reflect the 2018-19 rates plus a cost-of-living adjustment (COLA)—a continuation of the 70-20-10 split across the base allocation, supplemental allocation, and student success allocation. The budget also limits year-to-year growth in the total amount of funds calculated for the student success allocation to 10 percent. Finally, proposed trailer bill language would modify the definition of the number of students who transfer to four-year universities to count students only once.

The Chancellor's Office has developed some policy alternatives to respond specifically to the issues raised in the Governor's Budget. In doing so, the Chancellor's Office continues to aim to do the following through the SCFF:

- Encourage progress toward the *Vision for Success* accepted by the Board of Governors.
- Recognize that districts should receive additional resources to help certain groups of students who face especially high barriers to success meet those goals.

- Make additional resources most useful to community college districts by allocating them through a formula that is sufficiently simple, transparent, and stable.

The attached document includes issues for consideration by the Consultation Council. The Chancellor intends to make recommendations to the Governor and Legislature for changes in the SCFF statutes for implementation in 2018-19 and 2019-20. Following this meeting, the Chancellor would transmit a letter including recommendations to those policymakers, as well as to the members of the SCFF Oversight Committee and the Community College League of California Funding Formula Taskforce.

FEEDBACK/QUESTIONS FOR COUNCIL

The Chancellor's Office is seeking general feedback on the issues and alternatives presented in the attached document.

ATTACHMENTS: Student Centered Funding Formula Considerations (Attachment 1).

Item 8, Attachment 1

CONSULTATION COUNCIL

April 18, 2019

STUDENT CENTERED FUNDING CONSIDERATIONS

#	Issue	Existing Law	Potential Alternative
1	"Hold Harmless" Provisions	Existing law specifies that a district would receive at least the following: • In 2018-19, the 2017-18 total computational revenue adjusted by the 2018-19 cost-of-living adjustment (COLA). • In 2019-20, 2017-18 revenues adjusted by the 2018-19 and 2019-20 COLAs. • In 2020-21, 2017-18 revenues adjusted by the 2018-19, 2019-20, and 2020-21 COLAs.	Extend this "hold harmless" provision by one year, such that, in 2021-22, districts would receive at least their 2017-18 revenues, adjusted by the 2018-19, 2019-20, 2020-21, and 2021-22 COLAs.
2	Limit on Year-to-Year Funding Increases	No related provisions—though the SCFF continues existing practices that limit enrollment growth by an amount specified in the annual budget.	Limit increases in the total computational revenue to three times the amount budgeted for a COLA for that year. For example, as part of the apportionments made for 2018-19, limit year-over-year increases (compared to 2017-18) to 8.13 percent (three times the budgeted COLA of 2.71).

3	Counts of Student Success Allocation Awards	Existing law counts all outcomes, regardless of whether the same student attained more than one of the outcomes.	Count only one of the following in a single year: (1) associate degree for transfer, (2) associate degree, (3) baccalaureate degree, or (4) credit certificate (16 units or greater). That is, if a student earned more than one of these in a given year, the district would receive funds for the outcome to which the highest points are attributed. However, if a student received one in the first fiscal year and another in a subsequent year, the district would receive funds for both of the outcomes in the respective years.
4	Definition of Completion of Nine or More Career Technical Education Units	Existing law counts the number of students who completed nine or more career technical education (CTE) units in the same academic year. [CTE is defined as CTE courses are Standard Accountability Measure (SAM) A, B, C courses or all courses with a CTE Taxonomy of Programs (TOP) code.]	Count this outcome only if the student completes at least nine or more CTE units in the same discipline, defined as courses within the same two-digit TOP code.
5	Definition of Successful Transfer to Four-Year University	Existing law counts the number of students who successfully transfer to any four-year university, with an outcome credited to each district in which student enrolled in the year prior to transfer.	Count this outcome at a district only if the student, in the year before transfer, completed at least nine units in the district.
6	Definition of Attainment of Regional Living Wage	Existing law counts the number of students who are earning a regional living wage, with an outcome credited to each district in which student enrolled in the year prior to exit.	Count this outcome at a district only if the student, in the year before exit, completed at least nine units in the district.
7	Definition of Outcomes Related to Awards	Existing law counts all awards (i.e., associate degrees for transfer, associate degrees, baccalaureate degrees, and credit certificates) in a given year.	Count awards only if a student completed nine or more units at the district in that same academic year.

8	Use of Simple Average for Student Success Allocation Counts	Existing law uses prior-year counts for each of the outcomes in the student success allocation.	Use simple average of the outcomes for the prior year and the prior prior year. That is, for 2019-20, the factors would be a simple average of the counts for 2017-18 and 2018-19.
9	Use of Simple Average for Supplemental Allocation counts	Existing law uses prior-year counts for each of the factors in the supplemental allocation.	Use a simple average of the factors (i.e., counts of Pell Grant recipients, California College Promise Grant recipients, and AB 540 students) for the prior year and the prior prior year. That is, for 2019-20, the factors would be a simple average of the counts for 2017-18 and 2018-19.
10	Counts of Residents Students in Student Success Allocation	Existing law counts outcomes of students regardless of students' classification for purposes of administration of the enrollment fee.	Count outcomes only if the student is classified as a resident student (for purposes of administration of the enrollment fee) at some point during enrollment at the community colleges. (This alternative does not change any provisions related to AB 540 students. AB 540 students would continue to be counted and generate additional funding under the SCFF.)
11	Counts of Residents Students in Supplemental Allocation	Existing law counts students regardless of students' classification for purposes of administration of the enrollment fee.	Include a student in the counts of Pell Grant recipients and California College Promise Grant recipients only if the student is classified as a resident student (for purposes of administration of the enrollment fee). (This alternative does not change any provisions related to AB 540 students. AB 540 students would continue to be counted and generate additional funding under the SCFF.)

12	Alignment of Student Success Allocation Counts Consistent with Intent on Special Admit Students and Students in Correctional Facilities	Existing law counts outcomes of students regardless of students' classification as special admit students or students in correctional facilities.	Clarify statute consistent with the legislative intent that funding be provided for special admit students and students in correctional facilities through the base allocation by making explicit that outcomes of students whose enrollment has been exclusively in one of those categories are not to be counted.
13	Alignment of Supplemental Allocation Counts Consistent with Intent on Special Admit Students and Students in Correctional Facilities	Existing law counts students regardless of students' classification as special admit students or students in correctional facilities.	Clarify statute consistent with the legislative intent that funding be provided for special admit students and students in correctional facilities through the base allocation by making explicit that outcomes of students whose enrollment has been exclusively in one of those categories are not to be counted.
14	Three-Year Calculation of FTES	Existing law specifies a calculation to be used to determine the credit FTES applied in the formula. In general, this formula operates such that credit FTES (excluded FTES of special admit students and students in correctional facilities) for the current year (excluding growth FTES), prior year, and prior prior year are averaged, with growth FTES for the current year added to this total.	Count FTES (for purposes of the SCFF) using a simple three-year average of reported FTES in the current year, the prior year, and the prior prior year in each of the following categories: • Credit FTES (excluding FTES of special admit students and students in correctional facilities). • Credit FTES of special admit students. • Credit FTES of students in correctional facilities. • Noncredit FTES (excluding CDCP noncredit FTES). • CDCP noncredit FTES. That is, for 2019-20, the FTES counts would be a three-year average of FTES for 2017-18, 2018-19, and 2019-20.

15	Adjustments to Various SCFF Rates	Existing law specifies rates for each of the factors included in the base allocation, supplemental allocation, and student success allocation, aiming for a 70-20-10 split across those three allocations in 2018-19 and moving toward a 60-20-20 split by 2020-21. The Governor's Budget proposes a continuation of the 70-20-21 split in 2019-20. Existing law specifies various point values within the supplemental allocation and student success allocation.	Adjust the per-factor rates for each of the factors in the base allocation, supplemental allocation, and student success allocation, such that the split across the three allocations would be approximately 70-20-10 in 2019-20, with the existing points structure used to adjust the rates in the supplemental allocation and student success allocation and any changes made to the credit FTES rate in the base allocation.
16	Adjustments Based on Revised Estimates of Offsetting Revenues	Under existing practice, the state determines General Fund appropriations when the annual budget is enacted, in part based on estimates of local property taxes and Education Protection Account revenues (because those revenues offset the state costs of the Student Centered Funding Formula).	Enact statutes that authorize the state to adjust General Fund appropriations for the Student Centered Funding Formula following enactment of the annual budget to account for revised estimates of local property taxes and Education Protection Account revenues. That is, if offsetting revenues are higher than estimated, General Fund appropriations would increase by a corresponding amount.

STUDENT-CENTERED FUNDING FORMULA CEO TASKFORCE

PRELIMINARY[1] RECOMMENDATIONS

Taskforce Mission and Purpose:

Following the enactment of the Student-Centered Funding Formula (SCFF) in 2018, the Chief Executive Officers of California Community Colleges - a policy board of the Community College League of California (League) - formed the SCFF Taskforce. The Taskforce has sought to engage CEOs and Trustees to provide a forum for input, feedback, and data-informed deliberation and analysis of the SCFF. The Taskforce is comprised of CEO's representing each area of the state; at-large members reflecting the diversity of districts, and Trustees serving as proxies for the statewide Trustee board (CCCT). Student success, service to community, data-informed decision-making, fiscal sustainability, institutional capacity, and equity and inclusion have been guiding principles in Taskforce deliberations and recommendations. Additionally, as

[1] The recommendations are *preliminary* only because presently the sector lacks valid, reliable data employed in simulations for analyses of proposed metrics within the funding formula. Responsible and informed policy- and decision-making are necessarily evidence-based.

both elected and hired leaders responsible to multiple constituencies and both the short- and long-term sustainability of their districts, Taskforce members believe strongly that a funding regime for public postsecondary education in the state must: protect the broad mission of the CCCs, support access to current students, and do no harm to any local district or college; i.e. no district should be cut or diminished so that we protect access and service to low-income student populations in every region of the state.

Summary of Recommendations:

The current iteration of the SCFF includes elements and incentives with the potential to support colleges in advancing the mission of serving students and communities. For example: inclusion of a three-year average to calculate growth, and a component that recognizes the challenge of serving low-income and underserved Californians.

As our statewide confederation of CCC districts prepares to fully implement the SCFF, the Taskforce has identified the following preliminary recommendations concerning the transition and implementation of the SCFF:

- In recognition of the immense impact of the funding formula on California's largest system of higher education, ensure data-integrity, valid, reliable simulations and accurate, data-informed analyses are necessary conditions of a successful transition and implementation of the SCFF.

- Secure the 2018-19 Total Computational Revenue (TCR) plus the 2019-20 COLA as <u>the new base for all districts</u>. This base allocation (the District Base Grant portion of the SCFF) is necessary for fiscal sustainability, maintenance of district and campus operations, helping to build institutional capacity, and to permit proper implementation of Guided Pathways and related initiatives confronting equity gaps and to improve persistence and achievement of student outcomes.
- <u>Extend hold-harmless provisions to fiscal year 2021-22</u> to determine and mitigate data-integrity concerns, increase trust and confidence in local data critical to the success of the formula, provide sufficient time to analyze unintended consequences, and most importantly, to ensure data efficacy in advancing student equity, inclusion, and success.

- Incorporate a Stop-Loss provision within the SCFF to protect statewide access to quality, affordable public postsecondary education. For example, no district would lose more than a half-percent (or something similar) of its base funding year-over-year.
- Level the point system so that all associate degrees (AA's, ADT's), state-approved certificates, and transfer to four-year accredited institutions have the same point value.
- Recognize only the highest award achieved by the same student in a given fiscal year as a means of prioritizing per-student success (in the Success Grant portion of the formula) as opposed to incentivizing award maximization, and redirect savings (from elimination of the current point differentials) to the District Base Grant allocation.
- Keep the Student Success Grant portion of the funding formula set at 10% of the total allocation to mitigate volatility – substantial year-to-year fluctuations in awards – and fiscal uncertainty.
- Ensure programs supporting special-admit students, incarcerated individuals, CDCP noncredit students, and Instructional Service Agreements (ISAs) receive full FTES funding per the existing 100% FTES formula.
- Count outcomes in districts where students took 12 or more units in the district in the year prior to transfer.
- Utilize a two-year average of prior year and prior-prior year in the Supplemental and Success grant portions of formula.
- Determine Pell Grant points on eligibility rather than award status.
- Simplify the calculation of the three-year average.
- Establish and fund an intentional strategy that blends technical assistance to colleges and local professional development support throughout the implementation of the formula.

Improving the Student-Centered Funding Formula to Meet its Objectives:

The California Community College system is the largest public system of higher education in the nation - serving 2.1 million students (approximately 25% of all community college students in the country) - with a *Vision for Success* that focuses on reducing equity gaps, strengthening the state's economy, and providing quality educational access and opportunity. An historic and far-reaching change to the funding formula involving billions of dollars of state resources warrants a comprehensive, data-informed analysis and review to enhance the system's open-access mission and institutional excellence. Such analysis and review are essential for the public education sector that serves California's most underserved and vulnerable populations. This document outlines a set of modifications and improvements key to structuring the SCFF to meet its purpose of supporting the success of all students.

RECOMMENDATIONS:

- **Secure the 2018-19 Total Computational Revenue (TCR) plus the 2019-20 COLA as the new base for all districts. This base allocation (the District Base Grant portion of the SCFF) will permit the maintenance of district and campus operations, help build institutional capacity, and permit proper implementation of Guided Pathways and related initiatives to confront equity gaps and improve student persistence and outcomes.**
- **Extend hold-harmless provisions to fiscal year 2021-22 to determine and mitigate data-integrity concerns, to increase trust in local data critical to the success of the formula, to provide sufficient time to analyze unintended consequences, and most importantly, to ensure data efficacy in advancing student equity, inclusion, and success.**

Properly structured and adequately funded, the Student-Centered Funding Formula has the potential to move the CCC to a more accountable and stable system, ensuring that all students – full-time, part-time, first-year, re-entry, and non-credit – have access to affordable, high-quality community colleges. Building capacity for access, equity, and success for all should be a priority; a priority which can only be accomplished through a meaningful infusion of base funding prior to full implementation of SCFF. California Community Colleges serve as an open door to a better life for generations of low-income and working- class families, while supporting the workforce for critical sectors of our economy, strengthening the civic capacity of our citizenry, and advancing equity for historically underserved populations. An essential component of a new funding formula is a commitment to build the institutional capacity of the 72 districts as a necessary condition of student success.

Recommendation:

Significantly increase base resources for California Community Colleges to build institutional capacity for increased support for low-income students and to improve student outcomes.

Over the last decade, pension liabilities, healthcare, costs of construction and equipment, and technological infrastructure costs have nearly tripled. Our colleges remain committed to improving their educational quality and student services, yet these rising costs hinder their ability to even maintain current levels of service. The Columbia University Community College Research Center's findings on funding formulas nationwide demonstrate that a failure to enhance institutional capacity has been one of the greatest detriments to successful outcome-based funding formula implementation.[2] California has the opportunity - as the nation's largest system of higher education – and the responsibility, to heed the data and experiences of our national colleagues. Data-informed organizational redesign, sustainable institutional quality, and enhanced student services for improved outcomes require sufficient time and resources in the form of an appreciable increase in base funding in order to launch and scale.

Specifically, the Taskforce recommends funding districts for the cost to transition to the formula before full implementation; a practice consistent with the implementation of the Local Control Funding Formula (LCFF) for K-12 which focused on building capacity first through an infusion of $18 billion over seven years prior to full implementation of LCFF. For California

[2] Dougherty, K., et al., Performance Funding for Higher Education (Baltimore, MD., Johns Hopkins University Press, 2016). 156-158.

Community Colleges, **the Taskforce recommends securing the 2018-19 Total Computational Revenue plus 2019-20 COLA as the new base for all districts**. The SCFF would support success by funding an incremental change from year to year. As mentioned, a fundamental principle of the Taskforce is that upon implementation, no district shall be cut or diminished so that we protect access and service to low-income student populations in every region of the state.

RECOMMENDATIONS:

- **Provide colleges only the highest award achieved by the same student in a given fiscal year as a means of prioritizing per-student success (as opposed to incentivizing award maximization), and redirect savings to the base allocation.**
- **Level the point system for associate degree awards so that all educational goals and achievements of comparable unit values are counted equally.**
- **Keep the Student Success Grant portion of the funding formula set at 10% of the total allocation to maintain incentives while ensuring funding stability.**

Consistent with the Academic Senate for California Community Colleges (ASCCC), the Taskforce recommends three modest modifications to the SCFF that protect the integrity of local processes, simplify practices, and mitigate revenue instability. These modifications include

- equalizing the points for all associate degree awards,
- limiting the number of awards counted to the highest award per year per student,
- maintaining the Success Grant metrics to 10% of the overall allocation (currently proposed by the Administration for fiscal year 2019-20 only).

These recommendations support a more sustainable SCFF and help mitigate concerns around the availability of sufficient Proposition 98 resources to fund the increasing success outcomes of community colleges. The Taskforce further agrees with ASCCC that these necessary changes will allow the California Community College System to implement the formula in ways that place student success, not the counting of awards, at the forefront of all decisions.

RECOMMENDATIONS:

- **Ensure programs supporting special-admit students, incarcerated individuals, CDCP noncredit students, and instructional service agreements receive full FTES funding.**
- **Count outcomes in all districts where students took 12 or more units in the district in the year prior to transfer.**
- **Employ a two-year average of prior year and prior-prior year in the Supplement and Success grant portions of formula.**
- **Simplify the calculation of the three-year average.**

The Taskforce identified a subset of five recommendations that improve the functional operation of SCFF while protecting key programs valuable to the California workforce. Fundamental to the career education mission of California Community Colleges is instruction by districts under instructional service agreements (ISAs) with public safety agencies, educational opportunities for incarcerated individuals, CDCP noncredit students, and academic programs for special-admit students by funding these essential functions at the full credit rate. Specifically, ISAs serve a broader and critical mission for the state by providing ongoing mandated training to fire and police personnel. As a result, students who participate in ISAs are already employed, already hold credentials, and are not students of need. The criteria tied to the remaining 40 percent are not applicable to the students served through these partnerships. Without full funding for students served under ISAs, California is jeopardizing public safety training in our communities.

California Community Colleges play a pivotal role for the transfer pathways to the California State University (CSU), University of California (UC) and private not-for-profit institutions. Transfer preparation is inherent to the mission of all California community colleges. Transfer pathways are accessible and available to all students to build and design course structures that meet their degree needs, geographic location, or time demands. As such, the contributions of each college in supporting students in meeting their transfer goals should be acknowledged and funded. The Taskforce recommends counting outcomes in as many districts as necessary as long as the student took sufficient units in the district in the year prior to transfer. We maintain that points be assigned to all transfers to any accredited baccalaureate degree-granting college or university.

In the initial months of implementation of SCFF, there have been definitional inconsistencies and ambiguity. To reduce volatility, the Taskforce recommends using a two-year average of prior year and prior-prior year in the Supplement Grant, and a three-year average rather than a single-year calculation to determine FTES enrollment. Consistent with last year's recommendations, the Taskforce recommends a simplified calculation of a three-year average for enrollment. By using averages for measures in the Base, Supplement and Success grants, the formula recognizes that volatile economic conditions lie outside the sphere of influence of our colleges and our student bodies.

RECOMMENDATIONS:

- **Establish an intentional strategy that blends and funds technical assistance to colleges and local professional development support throughout the implementation of the formula.**
- **Increase the predictability of the funding formula to reduce volatility and potential harm to student academic services and supports.**
- **Limit year-to-year revenue reductions to districts by a specific percentage following sufficient analyses and simulations.**

Beyond the required resources for districts and colleges to build and maintain sufficient institutional capacity, technical assistance and professional development are profitable investments to ensure students are receiving the necessary supports and data-informed practices aligned with the *Vision for Success*. Uncertainty and volatility are inevitable externalities for college and district planning and budgeting, however State and System policies and funding formulas should recognize and seek to mitigate these factors to support student and institutional excellence and success. At a minimum, the Taskforce affirms the need for more simulations and analyses to understand the impacts of economic downturns and reductions in Proposition 98 resources. Similarly, the creation of a *Data Dictionary* or similar reference document with consistent definitions and information would benefit districts and colleges in adapting to a new funding formula. These efforts require sufficient time and effort and therefore reinforce the necessity of extending the hold harmless transition to the new formula.

Equally important is the establishment of safeguards preventing a significant year-over-year reduction in resources. Further, by law, annually districts must develop and approve budgets that obligate the following year's funds before the State Budget is signed by the Governor, and two months in advance of knowing the revenues they'll have available. Simulations and analysis of a new formula must necessarily identify a floor or limitation on revenue losses year-over-year. A substantial or massive revenue reduction in one year will jeopardize a confederation of districts whose funding still has not reached pre-Great Recession levels adjusted for inflation. To protect access to quality public postsecondary education statewide, there must be a stop-loss limit within the formula.

Closing Considerations:

California's rapidly changing economic and demographic reality demand an honest, data-informed assessment of the opportunities and barriers confronting the 2.1 million students California Community Colleges serve. As a confederation of locally-governed districts in a bilateral governance structure, we have a civic, economic, and social responsibility to transition to and implement a truly Student-Centered Funding Formula that permits colleges to proficiently and equitably serve <u>all Californians</u> enrolled at our campuses statewide. California's community colleges remain the state's most effective bridge to the middle class, higher education's workhorse, and our best strategy for mitigating the effects of generational poverty. With data-informed, evidence-based, and sufficiently-funded institutions, California's Community Colleges will more effectively and efficiently support economic growth by building human capital in the regions in the state that are still suffering the effects of the Great Recession of a decade ago. Members of the Taskforce respectfully submit these recommendations in recognition of this important responsibility and in an effort to improve a funding formula intended to eliminate the achievement gaps of our "two Californias".

THE 50% LAW AND THE FACULTY OBLIGATION NUMBER: AN UPDATED PROPOSAL

Preamble

The Workgroup on CCC Regulations originally presented "The 50% Law and the Faculty Obligation Number: A Proposal" at the March 17, 2016, Consultation Council. The original proposal focused on the Faculty Obligation Number (FON) and the 50% Law, delivering a collection of both specific and general recommendations. This latest version of the proposal has been revised to make its recommendations more concrete and to align the proposal in support of achieving the system's 2017 *Vision for Success* as articulated in that document's six system-wide goals and the seven core commitments. The focus of this updated proposal is on increasing the number of full-time faculty, a component essential to the fulfillment of the commitments outlined in the *Vision for Success*. In addition, this updated proposal fits well with any student success centered funding formula that might be adopted for the California Community Colleges.

Proposal

For many years, the 50% Law (Education Code Section 84362) and the Faculty Obligation Number (FON, Title 5 Sections 51025 and 53311) have been both guiding principles and sources of controversy in the California Community College System. Attempts have been initiated on numerous occasions and from various parties to reform or even abolish these statutory and regulatory requirements. However, as much as some groups have called for change, others have just as vigorously defended these requirements as necessary and beneficial to the system. As a result the 50% Law and the FON have remained essentially unchanged.

In the fall of 2014, a small contingent of faculty and administrators, motivated by their shared interest in exploration of ways to improve the 50% Law and the FON, embarked on an effort to set in motion a serious discussion of these requirements. Presentations at conferences and meetings of the Community College League of California, the Academic Senate for California Community Colleges, the Association of California Community College Administrators, and other groups revealed significant interest and willingness from many different parties to engage in this discussion. In response to this interest, Chancellor Brice Harris commissioned a small workgroup of faculty and administrators to explore the issues and, if possible, to develop a proposal for reform.

The workgroup considered a number of issues relevant to the 50% Law and the Faculty Obligation Number. Among these issues were the changing needs of students and the changing instructional environment since the 50% Law was enacted in 1961 and the FON was instituted in conjunction with AB 1725 (Vasconcellos) in 1988. The discussion included the ways in which instructional practice has changed, especially with regard to how learning has become a shared activity with a greater appreciation for instructional support services inside and outside the classroom. While the community college system has always been dedicated to student success, the more recent focus on services that support student success through initiatives such as the Student Success and Support Program, along with an increased emphasis on accountability and a greater dependence on instructional technology, call for a redefinition of the expenses considered to be instructional in nature. The workgroup also considered the ways in which the various requirements of the 50% Law and the FON might be aligned into a more compatible and cohesive form. With regard to the FON, the group explored ways in which the system might make steady progress toward the goal stated in Education Code Section 87482.6 of 75% of instructional hours being provided by full-time faculty, something the present FON requirement was never designed to accomplish.

As it deliberated on possibilities for revising the 50% Law and the FON, the workgroup agreed on the following overall guiding principles and conclusions:

A. The focus of the 50% Law should continue to be on instructional costs.
B. Any new definition of instructional costs would necessitate a re-determination of the percentage of general fund dollars appropriate to those costs.
C. General fund match requirements should be eliminated for all restricted funds.
D. The FON should be modified to reflect an ongoing focus on making progress toward the 75% Goal in a systematic way.

Within this context, the workgroup developed proposals for revising the 50% Law and the FON. The workgroup members unanimously agreed upon and supported these proposals and believe them to be realistic changes that can address the various interests of the system's constituent groups. However, these discussions constituted only the first step in a process. The workgroup agreed that a further set of meetings to review statistical data and establish the recommended changes was required in order for these proposals to move forward.

Late in 2017, Chancellor Eloy Ortiz Oakley requested the workgroup to reconvene and consider revisions to its original proposal in order to align it with the California Community Colleges' *Vision for Success* document accepted by the Board of Governors in July 2017.

In this regard, the need to increase the number of full-time faculty at all districts in order to strengthen the colleges' ability to achieve the *Vision for Success* goals became the primary focus of this revision. This updated proposal is intended to provide both the framework for a system wide discussion and the core components for a serious consideration of possible revisions of the 50% Law and 75% Goal. Given ongoing discussions about a "new" funding model, this updated proposal for revising the 50% Law and 75% Goal is designed to be supportive of college efforts to meet student success needs.

Any actual recommended change to either statute or regulation will require agreement through the system's established consultation process.

The 50% Law

In no case did the workgroup entertain the idea of abolishing the 50% Law. The workgroup members recognized that the law serves specific purposes for which it should be preserved. Rather, the focus of the workgroup was to consider ways to revise the law in a manner that retains its focus on learning and instruction while allowing more budgetary flexibility and making it more compatible with the 75% Goal.

After entertaining a variety of approaches to this issue, the workgroup agreed that the essential structure of the 50% Law should remain unchanged but that the definition of instructional expenses should be reconsidered. With the expenses that should be included on the instructional side of the law's equation having been identified, the workgroup also agreed that an appropriate percentage of instructional costs as a proportion of the general fund total costs will need to be determined and that ultimate consensus by the workgroup is dependent upon agreement regarding this percentage.

In determining which expenses to include as aspects of instruction, the workgroup agreed in principle that only costs that directly impact instruction and learning should be included. The direct instructional costs that are outlined in the current 50% Law were retained as essential in the calculation of instructional expenses. The following criteria were used in determining additional costs that could be included as instructional:

A. All faculty work outside the classroom that plays a direct role in the education of students.
B. Individuals who provide educational services directly to students.
C. Services that assist in the direct education of students.
D. Governance activities that pertain directly to the education of students.
E. Professional activities that pertain to the curriculum.

Using these criteria, the workgroup considered a wide array of possibilities. Some proposed expenses were rejected on the basis that they were primarily administrative functions, were too distant from the classroom, or for other reasons that prevented them from meeting the criteria. The final determination of the workgroup was that the following expenses should be included as instructional in the new calculation:

- All expenses considered to be instructional in the current calculation.
- Salaries and benefits of counselors and librarians.
  Counselors and librarians are faculty members who serve necessary functions for the instruction of students, whether inside or outside the classroom.
- All tutors performing in an instructional capacity in a supervised setting.

Tutoring and support services, including supplemental instruction programs, are an essential aspect of promoting student success. These expenses should be limited to college-developed programs that involve tutoring services monitored by and performed under faculty supervision. Tutoring services should be seen as a supplement to faculty and should not be used to replace direct faculty instruction.

- Faculty reassigned time for instructional program and curriculum development and modification.
  Faculty participation in curriculum development, design, and modification is necessary for the creation and maintenance of effective instructional programs.
- Reassigned time for college and district academic senate governance activities.
  Academic Senate participation and representation in governance activities is essential for effective collegial decision-making that has a direct impact on the instructional program.

In addition to the inclusion of the expenses listed above in the calculation of the 50% Law, the workgroup also recommends the expenses of counselors and librarians be extended to include not only the unrestricted general fund, but also restricted general fund categorically funded counselor and librarian ongoing positions, for example, ongoing positions funded under SSSP, Equity, EOPS, DSPS, CalWORKS, CAFYES, Workforce, etc. Including all of the expenses in the list above in what is now the 50% Law together with extending the calculation to ongoing restricted categorically funded counselor and librarian positions requires that a new value of the target percentage be set. This new percentage must be based on reliable system data on the costs of counselors, librarians, and the other categories in the list above.

In addition, the workgroup agreed that new purchases for instructional software and technology should be excluded from the 50% Law calculation and should not be counted on either side of the equation.

The System's 75% Goal

When AB 1725 was passed by the California Legislature in 1988, Assembly Member John Vasconcellos and the other writers emphasized the importance of full-time faculty as a central, significant, and vital cohort of a community college. The bill explained this importance as follows:

> If the community colleges are to respond creatively to the challenges of the coming decades, they must have a strong and stable core of full-time faculty with long-term commitments to their colleges. There is proper concern about the effect of an over-reliance upon part-time faculty, particularly in the core transfer curricula. Under current conditions, part-time faculty, no matter how talented as teachers, rarely participate

> in college programs, design departmental curricula, or advise and counsel students. Even if they were invited to do so by their colleagues, it may be impossible if they are simultaneously teaching at other colleges in order to make a decent living. (AB 1725 Vasconcellos 1988 Section 4.b)

A specific goal was set to address the need for an adequate number of full-time faculty in every community college district, a goal which was linked to both policy and funding. AB 1725 added the following section, Section 87482.6, to the Education Code:

> (a) Until the provisions of Section 84750 regarding program-based funding are implemented by a standard adopted by the board of governors that establishes the appropriate percentage of hours of credit instruction that should be taught by full-time instructors, the Legislature wishes to recognize and make efforts to address longstanding policy of the board of governors that at least 75 percent of the hours of credit instruction in the California Community Colleges, as a system, should be taught by full-time instructors. To this end, community college districts which have less than 75 percent of their hours of credit instruction taught by full-time instructors shall apply a portion of the program improvement allocation received pursuant to Section 84755 as follows:
> (1) Districts which, in the prior fiscal year, had between 67 percent and 75 percent of their hours of credit instruction taught by full-time instructors shall apply up to 33 percent of their program improvement allocation as necessary to reach the 75 percent standard. If a district in this category chooses instead not to improve its percentage, the board of governors shall withhold 33 percent of the district's program improvement allocation.
> (2) Districts which, in the prior fiscal year, had less than 67 percent of their hours, of credit instruction taught by full-time instructors shall apply up to 40 percent of their program improvement allocation as necessary to reach the 75 percent standard. If a district in this category chooses instead not to improve its percentage, the board of governors shall withhold 40 percent of the district's program improvement allocation.
> (a) Districts which maintain 75 percent or more of their hours of credit instruction taught by full-time instructors shall otherwise be free to use their program improvement allocation for any of the purposes specified in Section 84755.
> (b) The board of governors shall adopt regulations for the effective administration of this section. Unless and until amended by the board of governors, the regulations shall provide as follows:

The text of the bill then details how this application of state funding shall occur through the calculation of a required number of full-time faculty for each community college, a process that has become known as the FON or Full-Time Faculty Obligation

Number.

At the time of this legislation, it was envisioned that a combination of state funding in support of the program-based funding model and institutional compliance would enable the community colleges to make steady progress toward reaching the goal of having 75% of its instruction performed by full-time, tenured faculty.

As noted in AB 1725, this "75% Goal" has been a long-held aspiration of the community college system, but circumstances since the bill's passage have intervened to prevent the colleges from making progress, among them:

1. The lack of support for the program-based funding model and the failure to sustain other funding mechanisms such as Partnership for Excellence that included funding for full-time faculty positions.

2. Inadequate funding of colleges, especially during fiscal recessions, both major and minor, that affected the flexibility of and posed competing priorities for districts in using General Fund dollars for full-time faculty positions.

3. Retirement incentives, staffing freezes and attrition, and other cost saving methods that reduced faculty and other employee group numbers as a means to contain college and district expenses under state funding limitations.

4. The Workload Reduction imposed in 2009 that significantly lowered community college enrollments by reducing the number of class sections offered on college campuses and in turn reduced the number of teaching faculty as part-time faculty lost assignments and full-time faculty positions were lost through attrition.

5. The expectation that colleges will respond rapidly to increases in student/community demand by quickly adding classes taught by part-time faculty without considering how these classes will be converted into full-time faculty positions.

6. State budgets that sporadically include special funding for full-time faculty positions that remain inadequate to overcome to negative effects of decades of budget reduction and uncertainty.

Nevertheless, the Board of Governors, the California Community Chancellor's Office, as well as local colleges and districts, have continued to support the 75% Goal and to track "progress" using the Faculty Obligation Number or FON as prescribed in AB 1725.

For a full report, see the "Workgroup Report on 75/25 Issues" available on the State Chancellors Office website:
http://californiacommunitycolleges.cccco.edu/Portals/0/Reports/workgroup_75_25_proposal.pdf

The FON, as established in 1989, provides a means of ensuring that colleges, at a minimum, increase their number of full-time faculty in proportion to their growth in credit FTES. Annually, the CCC Board of Governors determines whether or not the state budget has provided colleges with resources adequate to implement the FON regulations. However, increases in the FON in times of growth are reversed in times of revenue decline, and at best, the FON maintains the status quo full-time faculty percentage.

Since the creation of this system of tracking and enforcement, there has been little or no progress in the percentage of instruction provided by full-time faculty in the California Community Colleges. In fact, the percentage has actually decreased rather than increased, with the system slipping to about 55% following the recent Great Recession. The FON mechanism, rather than encouraging the system to make progress toward 75%, has itself become the focus for most colleges, disconnected from the 75% Goal.

If progress is desired, it is imperative to refocus the system's attention on the original 75% instructional goal and, if the FON or another metric is used to track numerical progress, it should be clear that this is a tracking method regarding progress toward the goal, not an end or a goal in itself.

The workgroup recommends statutory and regulatory changes to effect the full-time faculty 75% Goal:

1. The California Community Colleges should set additional full-time faculty positions as a priority, advocate forcefully for additional funding for these positions, and insist that the annual state budget include a standing line-item allocation for the purpose of hiring additional full-time faculty.

2. The CCC Chancellor's Office should track and annually publish districts' progress toward its 75% Goal, using the same methodology as the full-time faculty obligation compliance reports.

3. The CCC Board of Governors should review district progress toward their local 75% goals annually. It should provide regulatory guidance to districts in much the same way as AB 1725 did with districts more distant from 75% expected to move forward more aggressively than those closer to reaching the goal. This new proposal sets a minimum annual requirement of 10% improvement for each district. This will require districts with the largest 75% gap to make the greatest improvement while districts closer to 75% would have a smaller required improvement. Example: a district currently at 55% would have a 20% gap to resolve and would need to increase its percentage by 2% per year (10% of its 20% gap). The increase shall be rounded up to the nearest whole number FTEF.

Failure to meet these Board minimums could be enforced in much the same way as the FON is currently enforced through withholding funds proportional to the statewide average cost of the full-time faculty that should have been hired to meet the district's percentage goal. It is also recommended that the Board of Governors and the Chancellor's Office develop a means to ensure that community supported/basic aid districts comply with the same provisions, subject to the same penalties as apportionment based districts.

4. With the emerging importance of noncredit education, it is time to include noncredit instructors within the 75% Goal, so the entirety of this proposal should also apply to noncredit programs and their faculty.

5. In support of the Board of Governors annual review, all community college districts should be required to submit an annual report to the State Chancellor's Office on their five-year plans for full-time faculty hiring designed to make local progress toward the 75% Goal. These plans should be incorporated as a section of the colleges' and districts' annual integrated planning process. Completion and submission of the plan should require signatures of the district's Chancellor or Superintendent/President, the President of the Board of Trustees, the President of the Academic Senate, and the appropriate faculty bargaining agent. Elements of the plan should include:

   - The district's historical performance in terms of its progress toward meeting the 75% Goal.
   - Details of the district's historical full-time faculty hiring progress, specifically identifying new positions that are not replacement but represent actual additions to the total full-time faculty workforce complement.
   - The district's projected five-year goal for making progress toward the 75% Goal, including specific strategies.
   - The district's anticipated strategies for achieving its five-year goal, including maintenance wherever possible of its full-time faculty numbers in the event of an economic downturn, and progress toward the 75% Goal both in years in which the system receives growth funding or other additions to base funding and in years in which designated state-level funding for such hiring is not provided. (In the latter case, it is understood that progress will be limited, but districts will be encouraged whenever possible or feasible to reallocate some internal funding toward full-time faculty positions.)

Once this recommendation is accepted, the launch of this proposal must begin with a re-benching to the current status quo percentages in each district.

To assure an ongoing local commitment to achieving the 75% Goal, penalties for failure to make progress will be determined by the California Community Colleges Chancellor's Office and Board of Governors. Some aspects of this have been described above. Hardship exemptions may be granted by the Board of Governors under similar conditions as are currently allowed under the 50% Law.

Data regarding each district's performance and progress toward achieving the 75% Goal should be included in the system's published metrics for districts and colleges, such as the CCC Scorecard and the CCCCO Institutional Effectiveness Partnership indicators.

Workgroup Further Steps

Definition of instructional expenses and a process for promoting full-time faculty hiring were the focus from the initial discussions of the workgroup and are outlined in this report. While the workgroup reached consensus on these matters, all members recognize that the consensus will not be complete until further details are defined and the process on both issues is completed.

1. The workgroup has completed its review and recommendations to amend Education Code Section 84362, previously referred to as the 50% Law. The proposal has now been submitted to the California Community Colleges' Consultation Council.

2. The workgroup has completed its review and recommendations to amend Education Code Section 87482.6, previously addressing the program-based funding component of the 75% Goal. The proposal has now been submitted to the California Community Colleges' Consultation Council.

3. The workgroup also recognizes that revision of the 50% Law and establishment of a process that demonstrates commitment to progress toward the 75% Goal for full-time faculty are dependent on one another. Both revisions must be pursued in conjunction with one another, with the requirement of a full commitment of system partners to both revisions before either takes place.

Task Force Members

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SB 777 (Susan Rubio)

Community College Full-Time Faculty

Fact Sheet

SB 777 (Rubio) is the result of an agreement reached by a community college stakeholder work group to improve the percentage of community college instruction taught by full-time faculty, and thus improve student success and academic outcomes.

- Historical legislation approved overwhelming in 1988 – AB 1725 (Vasconcellos) – reformed the community college's mission and governance structure, and established a goal that 75% of instruction should be taught by full-time faculty.

- Although the 75% level has been a long-held goal of the community college system, this goal has never been reached. In fact, due to the community college's growing over-reliance on temporary, part-time faculty, the latest data shows the full-time faculty teaching level at only *56.7%*.

- To correct this inequity, former community college Chancellor Brice Harris formed a stakeholder workgroup in 2016 with representatives of the Chancellor's Office, campus and district administrators, the Academic Senate and faculty unions.

- The workgroup issued a report in March 2018 that established agreed upon guidelines and criteria to achieve the 75% full-time faculty goal – with the provisions requiring statutory changes. The workgroup is finalizing changes to the 50% Law that requires at least half of a district's state allocation be spent on instruction. SB 777 will be amended to incorporate any agreed upon 50% Law recommendations.

- SB 777 would direct districts to annually reduce by 10% – using existing resources – the deficit between their existing full-time faculty percentage and the 75% goal. *(For example, if a district was at a level of 55% – a 20% shortfall – then it would need to improve by 2% that year.)*

- Increasing the instruction taught by full-time faculty is critical if community colleges are going to improve student outcomes and achieve the system's *Vision for Success* goals adopted in 2017. These goals include increasing the number of associate degrees and credentials, improving transfers to CSU and UC, reducing the equity gap among underrepresented students, reducing regional achievement gaps and improving employment outcomes. Without changing how our students are taught, it is doubtful the *Vision for Success* will ever be realized.

Support

CA Community College Independents (CCCI) *(Sponsor)*
Faculty Association of CA Community Colleges (FACCC) *(Co-Sponsor)*
CA Federation of Teachers (CFT)

Oppose

None anticipated

Budget Allocation Model

Operating General Fund
Principles

Principles

1. The Budget Allocation Model will be fair, equitable, and transparent.
   a) Fair – Resource allocation decisions will be informed by objective, predictable, verifiable, and easily accessible data and will be made in an impartial and consistent manner.
   b) Equitable – Resources will be distributed in a manner that adequately supports the programs offered at each college while ensuring compliance with statutory and regulatory requirements; inefficiencies will not be subsidized or supported.
   c) Transparent – Resource allocation decisions will be made in an open and consultative manner with representative stakeholder groups and that it is simple, easy to administer and communicate as possible.
2. The goals and priorities for student success, equity, and access as articulated in the educational master/strategic plans of each college and the District Office will align with the goals included in the District Strategic Plan and strategic vision plan adopted by the California Community Colleges Board of Governors, including benchmarks and actions for measuring progress, and the Budget Allocation Model will align accordingly.
3. The Budget Allocation Model will provide operational cost predictability and stability to support college and District Office strategic goals and objectives.
4. The Budget Allocation Model will recognize and consider the variable costs associated with unique and common programs at each college and across the district.
5. The Budget Allocation Model will recognize and consider the variable costs associated with new and proposed programs at each college and across the district.
6. Operational structural balance will be maintained by ensuring that ongoing expenditures do not exceed ongoing revenues resulting in a positive fund balance.
7. Ongoing expenditures will be funded with ongoing revenues, and one-time expenditures will be funded with one-time revenues, with exceptions only under rare circumstances.
8. Compliance with State, accreditor, and District reserve requirements will be maintained or exceeded, will be the first item funded in the BAM, and each college will maintain its own prudent reserve of no less than 1% of the previous years expenditures. Reserves in excess of the minimum reserve requirements will be established in an expenditure holding account to meet unexpected and/or unanticipated expenditures that arise subsequent to budget adoption.
9. A maximum of 75% of prior year budget savings realized by each entity, exclusive of established net holding account balances, will be retained by each entity once the minimum districtwide and college reserve requirements are met or exceeded.
10. The budget allocation model will be assessed annually.