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**Docket Item:**

Community College Support Fund (CCSF) Formula Review Process

**Summary:**

In order to ensure the CCSF formula is consistent with the strategic priorities of the state and the mission of community colleges, a review will be conducted by a formula advisory workgroup to consider evidence of success, to consider other states' experiences, and to make any recommendations for improvement. This docket item lays out a proposed review process, review principles, and a potential workgroup charge.

**Docket Material:**

The community college funding distribution model (or funding formula) is largely unchanged since its adoption in 2005. It provides each college with an operational base funding amount plus enrollment funding based on the number of reimbursable, full-time student equivalents (FTE).

Its intent is to focus on access, equity, and stability. Equal public resource support per FTE, regardless of institution and exclusive of base funding, is provided. Stability is achieved by using a three-year weighted average of FTEs and a base payment. A growth management component was added around 2010 to protect against an erosion of funding per FTE among the colleges. The formula offers no consideration of student demographics, program costs, or efficacy.

Recently, there has been growing interest to review the formula with a focus on its alignment with Oregon's higher education goals. This is due to a number of factors, including recent changes to the public university funding model, an increased realization of the poor student outcomes associated with traditional models of developmental education, and an increased desire to ensure the formula supports institutions in achieving that which all stakeholders want to accomplish.

Therefore, staff proposes three lines of inquiry for the review process:

One section will include staff work using collected data to review the Oregon experience. In collaboration with the HECC's research and data staff, we will seek to understand whether or not the existing distribution model is aligned with, and supports, Oregon's higher education goals.

Another section will include a review of existing work related to funding formulas generally relative to the national experience. We will consider what evidence exists of various models, how they work in other states, and the success other models have had in supporting higher education goals.

The final section will include gathering stakeholder input via a formula advisory workgroup. The workgroup will be tasked with considering specific elements of the existing formula. It will be asked

to consider if there are changes, improvements, or technical corrections that could be implemented to further refine the mechanisms of the formula in the pursuit of the state's strategic priorities.

### **Timeline**

Any potential changes to the formula would need to be adopted via the rulemaking process. The August 2022 commission meeting would be targeted for the adoption of any rule amendments proposed. The intent is for any revisions to the distribution model to take effect beginning with FY2024 during the 2023-25 biennium. In order to meet that timeframe, the following will serve as appropriate milestones:

- Late summer 2021 – Appointment of the formula advisory committee members
- October 2021 – Oregon and national experience staff work
- November 2021 through April 2022 – Formula advisory committee meetings
- May 2022 – Commission considers staff formula recommendations as needed
- June 2022 – File proposed rule amendments as needed
- August 2022 – Commission considers rule amendments as needed

### **Formula Advisory Workgroup Membership**

The workgroup will serve as an advisory body to HECC staff and will provide advice, guidance, and feedback on any recommendations. The membership of the workgroup should include representation from the institutions, input from stakeholders, and feedback from consulting experts as appropriate. The consulting experts will participate only to offer guidance and advice. The membership as listed below includes 21 total members. Each college/group will be allowed to appoint a primary member and an alternate to ensure full participation.

- Colleges – one member each as appointed by the college president
- Oregon Student Association – one member
- Inter-institutional Faculty Senate – one member
- Business/Workforce Representative – one member
- Oregon Community College Association (OCCA) Representative – one member

### **Operating Assumptions**

As part of the process, certain operating assumptions are made to establish the environment in which the formula, and its review, exists. Fundamentally, the formula should be designed to allow for the distribution of state funding in support of student access and completion, with a focus on underrepresented populations, and should apply objectively to all institutions without regard to winners and losers. It is not a tool used to govern but rather a tool used to marshal resources in the pursuit of the state's higher education goals. The full participation of institution and other key stakeholders in the review process is vital to achieving sound, student-focused policy.

### Guiding Principles

With the operating assumptions established, any changes to the funding model should:

1. Support the education goals established in the Commission's strategic plan;
2. Focus on student access and success with an emphasis on underrepresented populations;
3. Encourage flexible pathways to high-demand and high-reward career fields;
4. Incentivize corequisite developmental education options;
5. Use clearly defined, currently available data; and
6. Maintain clarity, simplicity and stability.

The Commission should allow staff to develop and execute an implementation plan if adopted modifications to the formula result in material changes to the colleges' allocations, beginning in fiscal year 2024.

### Potential Workgroup Charge

The workgroup should consider discussing a number of issues as listed below. These are based on staff discussions with both internal and external stakeholders. The workgroup will ultimately set the agenda at the kickoff meeting, and workgroup members will have the opportunity to discuss additional issues as appropriate.

The areas to be considered by the workgroup include:

**1 – Definition of outcomes and success.** With Oregon's higher education goals defined by a completion agenda, the workgroup should discuss the concepts of *outcomes* and *success* as they relate to community college students. It is generally understood that a successful outcome for a university student is graduation with an academic degree. However, community college students often enroll for that and other purposes which can include achieving a GED, becoming college and career ready, successfully completing the first college-level course, becoming transfer ready, and more.

- a) Specifically, the workgroup should consider the question, what are successful outcomes for community college students?
- b) Also, how can the formula support successful student outcomes while recognizing the wide range of services colleges provide? Especially for underserved populations. What are equitable outcomes for students?

**2 – Certificate and degree pathways.** Investments should support the creation, implementation, and maintenance of more efficient and more flexible pathways toward credential completion in high-demand and high-reward career fields.

- a) Specifically, the workgroup should consider the question, what are potentially more efficient and flexible certificate and degree pathways for students to be incorporated in the formula?
- b) Also, does cost play a role and therefore should it be recognized in the formula?

**3 – Corequisite developmental education.** Over the past decade, developmental education reform has been at the heart of multiple initiatives. The State invested funds and other resources to support these efforts in a variety of ways. In order to support and expand these efforts, as the colleges plan to roll out corequisite courses in math through 2023, the workgroup should consider how to ensure these courses are funded adequately through the formula to support student success.

**4 – Transfer to 4-year programs.** Recognizing that many community college students transfer to 4-year institutions before achieving a degree or certificate, we need to consider how to support colleges whose students ultimately achieve a 4-year degree at another institution.

**Staff Recommendation:**

For discussion and potential endorsement.