

---

---

**Docket Item: 5.0 - Community College Support Fund (CCSF) Formula Review Process**

**Summary**

This docket item provides an update on the continuing CCSF formula review process. It summarizes input provided by community college representatives and the recent NCHEMS report on Oregon higher education. Areas of emerging consensus are outlined and key remaining policy questions are highlighted. A detailed process timeline is included in Appendix A, and a summary of the California and Washington models is included in Appendix B.

**Docket Material**

The pace of the CCSF formula review process has increased. A fair amount of progress has been made. A non-comprehensive summary of feedback is included below.

**Summary of Feedback**

The Oregon Presidents' Council and community college business officers shared four principles for state funding formulas, noting that Washington and California served as example models. The principles include:

- Stability/predictability is important. Any targeted funding should be no more than 10% of the total CCSF. Addition of a stop-loss mechanism to help manage volatility.
- Provide two years of transition funding as new programs are adopted to address unintended consequences. Preference toward making changes with new money to stabilize existing funding.
- Provide sufficient base funding to ensure adequacy for all colleges.
- Any changes should be reviewed at least every three years to address unintended consequences.

The CCSF workgroup also identified a number of considerations:

- Equitable student success – accounting for the additional costs of helping underserved students succeed; a movement toward something that is more student-centric and more focused on student success; flexible enough to help colleges support the communities they serve.
- CTE – to account for the additional cost of more expensive CTE programs.

- Adult Learners – to encourage the increased enrollment and completion of adult learners in alignment with the state’s existing adult attainment goal.

The Oregon Higher Education Landscape Study completed by the National Center for Higher Education Management Systems (NCHEMS) includes an assertion that collective action should center around “continuing the emphasis on achieving equity in access to postsecondary education and in the success of students.” The authors also suggest that “arguments for increased state investments in higher education will come across as self-serving unless framed in the context of their contributions to achievement of high priority state goals.”

In framing their recommendations, NCHEMS suggested “student and state needs come first.” One of the specific recommendations is that “steps should be taken to purposely align state funding of both institutions and students with the goals expressed in the state’s revised strategic plan.”

Regarding the CCSF review specifically, the authors suggest the “model should use a rational framework that addresses the frugal needs of maintaining each institution’s value as an asset to the region and the state, variation in the costs of instruction based on scale (size) and scope (program array), performance incentives sufficient to drive sustainable and continuous improvement, and new investments tailored to community and regional needs.”

They go on to suggest that an outcomes component reward production of all degrees and certificates of value—including certificates produced by continuing education (noncredit) programs.

- HECC should have the responsibility of identifying which certificates are considered to be “of value.” Value in this context cannot be limited to earnings but should also reflect positions that are essential to a well-functioning society even if they are not especially remunerative.
- Extra weight should be given for degrees/certifications that are awarded in high priority workforce fields.
- Extra weight should also be given for degrees/certificate that are awarded to individuals identified as being in priority population groups.
- Collaboration should be included as one of the “outcomes” rewarded, such that institutions that deliver a portion of a student’s earned credits will receive some of the funding associated with that award.

### **Emerging Consensus and Remaining Policy Questions**

The review work is leading to emerging consensus around two central themes. One is support for focusing on underrepresented students. This could include a component that targets adult learners, students by race/ethnicity, low-income students, and/or rural students.

The current adult attainment goal for Oregon is to reduce the adult educational attainment gaps by half for underserved people of color, low-income learners, and rural learners during this decade. The targeted populations should tie to those mentioned in the goal. The key question is how to define these populations?

One of the guiding review principles is to use clearly defined and currently available data. When currently available data is considered, there are challenges and potential shortcomings. Race/ethnicity data, for example, is self-reported by enrolled students with about 20% of students choosing not to report. The percentage of underrepresented students has grown from 19% of the total to about 26% over the past decade.

Using 2020-21 enrollment data from the Full-Time Equivalent Report, across all age groups, the proportion of students of color seems relatively consistent across all age groups. Age data is more consistent with a lower non-reported rate. Could adult students, those aged 25 or older, be used as a proxy for underrepresented students? Adult students also tend to have more significant economic challenges.

Considering the data for low-income learners, Pell grant eligibility is often used as a proxy for low-income. The first challenge with doing so is that not all students apply for financial aid. Only a quarter to a third of community college students file a complete FAFSA/ORSAA every year, meaning the majority of students would not be considered for that metric if using Pell eligibility. It is possible other poverty metrics, like federal program eligibility, could be used; however, that data is not currently collected in a consistent manner.

Identifying rural students is challenging. For the universities, rural students are identified by considering their high school diploma and applying the federal definition of rural high school. A student graduating from a federally designated rural high school is considered a rural student for purposes of the funding formula.

For community colleges, 50% of students are aged 25 or older based on the statewide snapshot for 2020-21. The college may not have their high school diploma on file and the time since graduation may be a factor. Using the address of enrollment with rural counties designations may be used as a proxy.

The other central theme for which consensus is emerging is addressing the increased cost of career technical education (CTE) coursework. CTE coursework is often highly specialized, includes limited class/cohort sizes, and often uses expensive equipment and processes. Many CTE programs are tied to high-demand workforce needs that enjoy tremendous employer and community support. The key question is how would a supplemental allocation for that work?

The current funding formula equalizes funding across both local property tax revenue and state formula revenue. Mixing the funding based on enrollment with a supplemental based on CTE will likely disrupt that effort. So, adding a supplemental allocation, separate from enrollment, is likely a solution.

The goal would be to both reimburse colleges for the higher cost of these programs but also to encourage the development of those programs identified as high-demand by workforce partners. The policy question is which CTE programs are included in the supplemental? Arguably the colleges, through their continued collaboration with workforce partners, are already offering programming in the high-demand areas needed and can continue to adjust over time.

**Staff Recommendation**

For discussion and informational purposes only.

## Appendix A – Detailed Process Timeline

- **November CCSF workgroup meeting** – Tuesday, November 8; continued conversation around a proposed framework; based on feedback from workgroup, propose a formula design that is consistent with the principles and parameters noted above
- **November F&A subcommittee meeting** – Wednesday, November 9; progress update; recap of feedback heard so far; discussion of emerging consensus, remaining policy issues, and process timeline
- **December F&A subcommittee meeting** – Wednesday, December 7; invite CCSF workgroup members and stakeholders to discuss proposed formula design with HECC commissioners
- **December CCSF workgroup meeting** – Thursday, December 15; reflect on conversation with commissioners; continue refining framework; discuss mechanics and details of formula; how does the math work? Are we confident the formula works as intended?
- **January CCSF workgroup meeting** – not currently scheduled; is one needed? May need to continue the conversation from December meeting around the mechanics and details.
- **February F&A subcommittee meeting** – Wednesday, February 8; HECC staff recommendations presented to commissioners; Should the commissioners endorse the staff recommendations during the February F&A meeting, HECC staff will then work with colleges to develop the implementation plan and to draft the related administrative rule amendment

## Appendix B – Summary of California and Washington Models

### California: Student Centered Funding Formula (SCFF)

<https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/College-Finance-and-Facilities-Planning/Student-Centered-Funding-Formula>

*(from the website)* The Student-Centered Funding Formula is all about ensuring community colleges are funded, at least in part, in how well their students are faring. It is upending how California's community colleges receive state money by basing general apportionments – discretionary funds available to community college districts – on three calculations:

- A base allocation, which largely reflects enrollment.
- A supplemental allocation based on the numbers of students receiving a College Promise Grant, students receiving a Pell Grant, and students covered by AB 540 (DACA students).
- A student success allocation based on outcomes that include the number of students earning associate degrees and credit certificates, the number of students transferring to four-year colleges and universities, the number of students who complete transfer-level math and English within their first year, the number of students who complete nine or more career education units, and the number of students who have attained the regional living wage.

The Student-Centered Funding Formula's metrics are in line with the goals and commitment set forth in the California Community Colleges' Vision for Success and can have a profound impact closing achievement gaps and boosting key student success outcomes. Starting 2019-20, 70 percent of SCFF funds would be allocated for the base allocation, 20 percent for the supplemental allocation, and 10 percent for the student success allocation.

### Washington: Student Achievement Initiative (SAI)

<https://www.sbctc.edu/about/agency/initiatives-projects/student-achievement-initiative>

*(from the website)* The Student Achievement Initiative (SAI) is the performance funding system for Washington state's system of community and technical colleges. Colleges receive points, with funding attached, when students reach key academic momentum points, such as finishing college-level math, completing the first year of college, and earning a certificate or degree. Rigorous data analysis shows that students who achieve these momentum points are much more likely to earn a certificate or degree.

SAI represents a shift from funding colleges based on the number of students they enroll to also funding meaningful outcomes. The SAI metrics make up 5 percent of the total state allocation.