

GROWTH/RESTORATION FUNDING PROPOSAL

FOR 2013-14 AND FUTURE YEARS

(ECDBC 10/31/12, 11/20/12, 11/27/12, 3/5/13, 4/16/13)

(DBC 3/26/13)

Guiding Principles

As part of Phase II of the Budget Allocation review, one of the ECDBC responsibilities was to review the current growth funding formula and study the population density, the participation rate in each college service area, the adult population changes, and college educational attainment. The recommendations that grew out of the study and discussions are outlined in the Recommended Growth Funding Formula section below.

The following are the basic guiding principles for the changes to the growth funding formula:

1. Fully restore workload reductions ;
2. To promote more equal educational opportunities, establish differential growth rates for colleges to recognize the population density, the participation rate, and the underserved population in the service areas; and
3. Continue with the revenue model that encourages colleges to provide for greater needs of students.

Recommended Growth Funding Formula

In 2009-10, LACCD experienced a 3.4 percent workload reduction of roughly \$16.9 million and in 2011-12 another \$35.6 million or a 7.6 percent workload reduction. Funded base FTES have been reduced from 104,000 FTES to 96,800 FTES.

It is recommended any funded growth funds received in ~~2012-13~~ 2013-14 and future years shall be distributed to colleges based on the following priorities:

1. 80 percent of available growth funds shall be used to restore (SB361) college workload reductions until the colleges are fully restored to their pre-reduction workloads;

2. 10 percent of available growth funds shall be distributed to colleges based on each college's share of the total LACCD underserved population. The underserved population is defined as the adult population age 25 and over who have a high school diploma (or equivalent) or below residing in zip codes in the service areas of LACCD colleges; and
3. 10 percent of available growth funds shall be used to fund colleges based on the State Model.

BACKGROUND:

On June 13, 2012, the Board adopted the allocation changes as recommended by the Executive Committee of the District Budget Committee (ECDBC) and DBC to provide minimum funding for essential college administrative staffing and M&O costs. In adopting this change, ECDBC was also charged with making additional recommendations for changes to the growth funding formula and other allocation issues as Phase II of its examination of the LACCD budget model.

ECDBC has, for the last eleven months, been studying the current SB361 growth funding formula and other alternative growth funding options, including those that would address the issues identified in the study developed by Mr. Larry Serot (**Analysis of Small Colleges and Resource Allocation Mechanism, 2009**). The ECDBC's work focused on developing a growth funding formula that would promote both equity and efficiency in college growth funding by allowing differential college growth. The funding factors considered were college and District service area demographics (participation rates, education attainment rates, size of both the adult and underserved population), average class size, and cost per FTES. The ECDBC considered that efficiency and economies of scale factors had already been addressed by the Phase I changes to the budget allocation (minimum funding for M&O costs and for college administrative staffing). To address equity, the ECDBC has developed a hybrid funding model that incorporated three components: the current funding allocation method (SB361); the share of LACCD underserved population served by each college; and the State Funding Model (a funding formula based primarily on the growth of a college's adult and high school populations). The District Office of Institutional Effectiveness (Maury Pearl and Sarah Master) assisted the committee with data analysis and in developing various funding simulations which the ECDBC narrowed to three growth funding scenarios:

1. Scenario I – 80% SB361 and 20% State Model
2. Scenario II – 80% SB 361, 10 % adult population share, and 10% State Model

3. Scenario III – 80% SB361, 10% Underserved Population Share, and 10% State Model: Underserved population is defined as the adult population (age 25 and above) in the service area (zip codes) who have educational attainment of high school equivalent or below.

The Committee recommends the adoption of the hybrid model using Scenario III. The committee believes that this model will both ensure the restoration of workload while also promoting funding equity.

Glossary Terms (To be defined)

- Change in Adult Population
- Change in High School Graduates
- Blended rate
- Participation Rate
- ACS (American Community Survey)
- Educational Attainment Rate
- Underserved Population Share
- Population Share
- State Model
- SB 361
- College Service Area by Zip Code

Change in Adult Population (Ages 18-54) from 2000 Census to 2007-2011 5-Year ACS

College Service Area	2000 Census Adult Population Ages 18-54 (in Central Zip Codes for Each College)	2007-2011 5-Year ACS Adult Population Ages 18-54 (in Central Zip Codes for Each College)	Percent Change in Adult Population Ages 18-54 (from 2000 to 2007-2011)
City	497,272	481,245	-3.22%
East	615,411	616,596	0.19%
Harbor	260,949	260,851	-0.04%
Mission	202,758	212,250	4.68%
Pierce	365,231	374,236	2.47%
Southwest	296,088	306,700	3.58%
Trade	281,865	286,125	1.51%
Valley	473,979	481,588	1.61%
West	395,617	396,153	0.14%
Average	376,574	379,527	1.21%

Change in High School Graduates

College	Sum of Graduates 2007-2008	Sum of Graduates 2008-2009	Sum of Graduates 2009-2010	Sum of Graduates 2010-2011	% Change in HS Graduates 2007-2008 to 2008-2009	% Change in HS Graduates 2008-2009 to 2009-2010	% Change in HS Graduates 2009-2010 to 2010-2011	3-Year Average % Change in HS Graduates
City	4,611	4,358	4,381	4,121	-5.49%	0.53%	-5.93%	-3.63%
East	5,882	6,014	6,005	6,245	2.24%	-0.15%	4.00%	2.03%
Harbor	5,204	5,252	5,428	5,388	0.92%	3.35%	-0.74%	1.18%
Mission	5,981	5,673	5,423	5,625	-5.15%	-4.41%	3.72%	-1.94%
Pierce	5,638	5,839	5,832	5,730	3.57%	-0.12%	-1.75%	0.57%
Southwest	3,535	3,821	3,914	3,712	8.09%	2.43%	-5.16%	1.79%
Trade	4,085	3,985	4,401	4,048	-2.45%	10.44%	-8.02%	-0.01%
Valley	6,090	5,876	5,525	5,696	-3.51%	-5.97%	3.10%	-2.13%
West	4,240	4,498	4,482	4,383	6.08%	-0.36%	-2.21%	1.17%
Average	5,030	5,035	5,043	4,994	0.48%	0.64%	-1.44%	-0.11%

Fall 2011 FTES

College	Fall 2011 FTES Over the Age of 21	Fall 2011 FTES Age 21 and Younger	Fall 2011 Total FTES
City	4,952	1,628	6,580
East	6,431	4,191	10,622
Harbor	2,012	1,616	3,628
Mission	1,849	1,316	3,165
Pierce	3,608	3,245	6,853
Southwest	1,420	586	2,006
Trade	4,514	1,351	5,865
Valley	3,594	2,307	5,901
West	2,300	1,166	3,466
Average	3,409	1,934	5,343

Educational Attainment Rates from 2007-2011 5-Year ACS for Adult Population Age 25 Years and Over

College Service Area	Less than 9th grade	9th to 12th grade, no diploma	High school graduate (includes equivalency)	Some college, no degree	Associate's degree	Bachelor's degree	Graduate or professional degree	Some college and above	Ratio of Average Educational Attainment Rate to College's Educational Attainment Rate	"Underserved" Augmentation
City	14.6%	9.4%	17.9%	15.9%	5.6%	25.7%	10.9%	58.0%	0.87	
East	28.1%	16.0%	24.0%	14.8%	5.1%	8.7%	3.3%	32.0%	1.58	0.58%
Harbor	9.3%	8.5%	20.6%	19.9%	7.9%	22.0%	11.8%	61.6%	0.82	
Mission	18.5%	13.3%	23.7%	18.5%	6.7%	13.8%	5.5%	44.5%	1.13	0.13%
Pierce	8.2%	6.6%	19.7%	20.7%	7.7%	24.0%	13.2%	65.5%	0.77	
Southwest	20.4%	14.7%	25.4%	20.9%	6.3%	8.8%	3.5%	39.4%	1.28	0.28%
Trade	28.7%	17.3%	22.2%	13.4%	3.9%	10.3%	4.1%	31.7%	1.59	0.59%
Valley	14.4%	9.8%	20.1%	19.9%	6.5%	20.3%	8.9%	55.7%	0.91	
West	9.6%	7.8%	17.0%	20.2%	6.1%	24.0%	15.2%	65.6%	0.77	
College Service Area Average	16.9%	11.5%	21.2%	18.2%	6.2%	17.5%	8.5%	50.5%	1.00	

Educational Attainment from 2007-2011 5-Year ACS for Adult Population Age 25 Years and Over

College Service Area	Less than 9th grade	9th to 12th grade, no diploma	High school graduate (includes equivalency)	Some college, no degree	Associate's degree	Bachelor's degree	Graduate or professional degree	High School Education or Lower	Some college and above	Total N
City	82,113	52,768	100,613	89,055	31,140	143,985	61,275	235,494	325,455	560,949
East	195,094	111,126	166,948	103,105	35,679	60,486	23,078	473,168	222,348	695,516
Harbor	31,833	28,962	70,170	67,824	27,068	75,085	40,262	130,965	210,239	341,204
Mission	45,934	32,915	58,812	46,025	16,673	34,220	13,606	137,661	110,524	248,185
Pierce	39,377	31,616	94,871	99,379	36,881	115,201	63,290	165,864	314,751	480,615
Southwest	69,260	49,965	86,285	70,809	21,214	29,853	11,849	205,510	133,725	339,235
Trade	86,122	51,947	66,620	40,133	11,632	30,913	12,393	204,689	95,071	299,760
Valley	81,684	55,843	113,921	113,147	37,103	115,514	50,655	251,448	316,419	567,867
West	47,716	38,639	84,192	100,227	30,402	119,130	75,615	170,547	325,374	495,921
TOTAL	679,133	453,781	842,432	729,704	247,792	724,387	352,023	1,975,346	2,053,906	4,029,252

Application of the State Model

	(1) Percent Change in Adult Population Ages 18-54 (from 2000 Census to 2007-2011 5-Year ACS)	(2) % Change in High School Graduates 2009-2010 to 2010-2011	(3) 3-Year Average % Change in High School Graduates	(4) Fall 2011 FTES Over the Age of 21	(5) Fall 2011 FTES Age 21 and Younger	(6) Fall 2011 Total FTES	(7) Percent Change in Adult Population Ages 18-54 X Fall 2011 FTES Over 21	(8) Change in High School Graduates X Fall 2011 FTES Age 21 and Younger	(9) "BLENDED RATE" $[(7)+(8)]/(6)$	(10) Higher Rate of Blended Rate or Percent Change in Adult Population	(11) Educational Attainment Rate: Proportion of Adult Population Age 25+ with Some College and Above (2007-2011 5-Year ACS)	(12) Ratio of Average Educational Attainment Rate to College's Educational Attainment Rate	(13) "Underserved" Augmentation	(14) FINAL GROWTH RATE $[(10)+(13)]$
College Service Area														
City	-3.22%	-5.93%	-3.63%	4,952	1,628	6,580			0.00%	0.00%	58.0%	0.87		0.00%
East	0.19%	4.00%	2.03%	6,431	4,191	10,622	17.38	167.50	1.69%	1.69%	32.0%	1.58	0.58%	2.27%
Harbor	-0.04%	-0.74%	1.18%	2,012	1,616	3,628		19.05	0.53%	0.53%	61.6%	0.82		0.53%
Mission	4.68%	3.72%	-1.94%	1,849	1,316	3,165	86.56	49.02	4.28%	4.68%	44.5%	1.13	0.13%	4.81%
Pierce	2.47%	-1.75%	0.57%	3,608	3,245	6,853	88.96	18.35	1.57%	2.47%	65.5%	0.77		2.47%
Southwest	3.58%	-5.16%	1.79%	1,420	586	2,006	50.89	10.48	3.06%	3.58%	39.4%	1.28	0.28%	3.86%
Trade	1.51%	-8.02%	-0.01%	4,514	1,351	5,865	68.22		1.16%	1.51%	31.7%	1.59	0.59%	2.10%
Valley	1.61%	3.10%	-2.13%	3,594	2,307	5,901	57.70	71.40	2.19%	2.19%	55.7%	0.91		2.19%
West	0.14%	-2.21%	1.17%	2,300	1,166	3,466	3.12	13.68	0.48%	0.48%	65.6%	0.77		0.48%
Average	1.21%	-1.44%	-0.11%	3,409	1,934	5,343			1.66%	1.90%	50.5%	1.00		2.08%

Data Used in Allocation Model Simulations

Updated Data from 2007-2011 5-Year ACS

College	Final Growth Rate (based on 2007-2011 5-Year ACS)	Adult Population from 2007-2011 5-Year ACS	% Population (P)	Underserved Population* from 2007-2011 5-Year ACS	% District Underserved (U)
City	0.00%	481,245	14.1%	235,494	11.9%
East	2.27%	616,596	18.1%	473,168	24.0%
Harbor	0.53%	260,851	7.6%	130,965	6.6%
Mission	4.81%	212,250	6.2%	137,661	7.0%
Pierce	2.47%	374,236	11.0%	165,864	8.4%
Southwest	3.86%	306,700	9.0%	205,510	10.4%
Trade	2.10%	286,125	8.4%	204,689	10.4%
Valley	2.19%	481,588	14.1%	251,448	12.7%
West	0.48%	396,153	11.6%	170,547	8.6%
College Total		3,415,744	100.0%	1,975,346	100.0%

*Number of individuals over age 25 having a high school education or lower

**Funding Simulations Using
Population or Underserved, SB361, and State Model
Based on Data from 2007-2011 5-year ACS and 4% Growth Cap**

Scenario I: 80% SB 361; 20% State Model					Effective Funding Rate
	Population or Underserved	SB 361	State Model with Educ Attainment	Total	
Percent Weight==>	0.0%	80.0%	20.0%	100%	
College					
City	\$0	\$1,938,550	\$0	\$1,938,550	3.20%
East	\$0	\$2,972,498	\$871,458	\$3,843,956	4.14%
Harbor	\$0	\$922,787	\$62,532	\$985,319	3.42%
Mission	\$0	\$826,268	\$513,369	\$1,339,636	5.19%
Pierce	\$0	\$1,986,018	\$631,923	\$2,617,941	4.22%
Southwest	\$0	\$683,078	\$340,622	\$1,023,700	4.80%
Trade	\$0	\$1,648,327	\$447,181	\$2,095,507	4.07%
Valley	\$0	\$1,765,837	\$498,552	\$2,264,389	4.10%
West	\$0	\$959,149	\$59,992	\$1,019,141	3.40%
College Total	\$0	\$13,702,511	\$3,425,628	\$17,128,139	4.00%

Scenario II: 80% SB 361; 10% Adult Population Share; 10% State Model					Effective Funding Rate
	Population	SB 361	State Model with Educ Attainment	Total	
Percent Weight==>	10.0%	80.0%	10.0%	100%	
College					
City	\$241,319	\$1,938,550	\$0	\$2,179,868	3.60%
East	\$309,190	\$2,972,498	\$435,729	\$3,717,417	4.00%
Harbor	\$130,803	\$922,787	\$31,266	\$1,084,856	3.76%
Mission	\$106,432	\$826,268	\$256,684	\$1,189,384	4.61%
Pierce	\$187,659	\$1,986,018	\$315,961	\$2,489,639	4.01%
Southwest	\$153,794	\$683,078	\$170,311	\$1,007,183	4.72%
Trade	\$143,476	\$1,648,327	\$223,590	\$2,015,393	3.91%
Valley	\$241,491	\$1,765,837	\$249,276	\$2,256,604	4.09%
West	\$198,650	\$959,149	\$29,996	\$1,187,795	3.96%
College Total	\$1,712,814	\$13,702,511	\$1,712,814	\$17,128,139	4.00%

Scenario III: 80% SB 361; 10% Underserved Population Share; 10% State Model					Effective Funding Rate
	Underserved	SB 361	State Model with Educ Attainment	Total	
Percent Weight==>	10.0%	80.0%	10.0%	100%	
College					
City	\$204,196	\$1,938,550	\$0	\$2,142,745	3.54%
East	\$410,282	\$2,972,498	\$435,729	\$3,818,509	4.11%
Harbor	\$113,559	\$922,787	\$31,266	\$1,067,612	3.70%
Mission	\$119,365	\$826,268	\$256,684	\$1,202,317	4.66%
Pierce	\$143,820	\$1,986,018	\$315,961	\$2,445,800	3.94%
Southwest	\$178,197	\$683,078	\$170,311	\$1,031,586	4.83%
Trade	\$177,485	\$1,648,327	\$223,590	\$2,049,402	3.98%
Valley	\$218,029	\$1,765,837	\$249,276	\$2,233,143	4.05%
West	\$147,881	\$959,149	\$29,996	\$1,137,026	3.79%
College Total	\$1,712,814	\$13,702,511	\$1,712,814	\$17,128,139	4.00%

