

Unanimously approved by the New Jersey Council of County Colleges on August 31, 2021 *With clarifying text approved by the Council's Executive Committee on October 18, 2021*

**FUNDING DISTRIBUTION MODEL FOR STATE OPERATING AID
TO NEW JERSEY'S COMMUNITY COLLEGES**

To be Effective in Fiscal Year 2022

I. INTRODUCTION / PURPOSE

New Jersey's community colleges are critical institutions of higher education and economic opportunity, able to reach a significant proportion of the state's population and offer an affordable, high-quality education that serves the complex needs of students, employers, and local communities. The funding distribution model (*formula*), outlined in this document, is designed to honor the unique and important role of community colleges in expanding access to higher education, addressing equity gaps, and ensuring student success.

New Jersey's state budget contains a single line-item for operating aid to the community colleges, which is allocated to each college through a funding distribution model. The New Jersey Council of County Colleges (the Council) has the statutory responsibility to recommend to the State Treasurer this formula for the allocation of annual appropriations among the community colleges (TITLE 18A – EDUCATION Section 18A:64A-29). Once adopted, the formula is used to determine each college's state operating aid each year. The FY2022 state budget allocates an additional \$10 million in state operating aid to community colleges predicated on the full implementation, without gradual phase-in, of a new funding distribution model. The budget stipulates that the funding distribution model shall be recommended by the Council and subject to approval by the Secretary of Higher Education.

II. PRINCIPLES

The funding distribution model was developed based on the following principles *and is subject to appropriation*:

1. State aid will be allocated using a methodology that is consistent with the values of New Jersey's Community Colleges. The funding distribution model will use metrics that are aligned with the Council's Vision 2028, Bold Vision for Innovation and Transformation, and the State's Plan for Higher Education.
2. The funding distribution model will contain three components:

i. Base Aid	Equal amounts per college
ii. Enrollment and Performance Aid	Weighted categories of aid distributed proportionately
iii. Floor	An amount below which no college will receive in state aid in a given year

3. The funding distribution model will use data that are reliable, verifiable, and uniformly collected by

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all community colleges.

4. In June of each year, the funding distribution model will use data from the prior fiscal year to determine allocations for the following fiscal year. (For example, FY2020 data will be used to determine allocations in FY2022.) As a result, monthly payments to colleges will be based on final state operating aid approved in the state budget and will be final for the entire fiscal year, starting on July 1.
5. The Council will annually affirm the funding distribution model for the allocation of state operating aid. The funding distribution model will be reviewed by the Council in three years*, with consideration given to increasing the proportion of the formula devoted to outcomes, and thereafter, at least every five years.

III. FUNDING DISTRIBUTION MODEL

The formula for the distribution of state operating aid is as follows:

1. Base Aid: Each community college* will receive base funding of \$1.5 million.

*Rowan College of South Jersey will receive two shares of base aid, one for its Gloucester campus and one for its Cumberland campus.

2. Enrollment and Performance Aid: After each college is allocated its Base Aid, the remaining aid will be distributed proportionately among community colleges using metrics that:
 - A. Recognize student enrollment – 50%
 - B. Expand access – 10%
 - C. Address gaps in equity/diversity – 15%
 - D. Boost adult enrollment – 5%
 - E. Reward student progress/completion – 20%

Section IV includes definitions of the metrics in each category.

3. Floor: No community college will receive less in state operating aid than their FY2021 full-year equivalent allocation plus an increase of 2%. The floor will continue at this level for no less than 5 years.
4. The funding formula will be calculated based on an allocation of \$139.123 million, and adjustments made after the floor is implemented, to remain within the state budgeted amount.

* In accordance with the letter of approval from Secretary Brian K. Bridges, dated October 28, 2021, the three year review of the funding distribution model will consider how to further increase the funding proportion devoted to outcomes, rewarding student progress and completion, with a focus on closing longstanding equity gaps in degree attainment.

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IV. ENROLLMENT AND PERFORMANCE AID: WEIGHTS ASSIGNED AND METRICS DEFINED

Following the allocation of Base Aid, the remaining funding in state operating aid will be distributed to community colleges based on the following metrics.

A. Student Enrollment: 50%

- 1) Number of Audited Fulltime Equivalent Enrollments (FTE's) (35%)

Source: College Enrollment Audits in Approved Credit Courses

- 2) Number of Fiscal Year Unduplicated Headcounts (15%)

Source: Federal IPEDS 12-Month Enrollment Survey

B. Access: 10%

- 1) Number of Unduplicated Headcount of PELL, TAG and CCOG Recipients*

Source: *New Jersey Student Financial Aid Survey*

*The New Jersey Student Financial Aid Survey, reported by the colleges to the Office of the Secretary of Higher Education (OSHE), will be expanded to include the unduplicated headcount of PELL/TAG/CCOG recipients.

C. Equity/Diversity: 15%

- 1) Number of Black, Hispanic, American Indian or Alaska Native and Native Hawaiian or Other Pacific Islanders Students Enrolled, Weighted to Reflect County Demographics (5%)

Source: Federal IPEDS 12-Month Enrollment Survey

Enrollments will be weighted based on the ratio of underrepresented students at the college to the population of underrepresented individuals in the county / counties served by that college. Data on county demographics will be obtained from the New Jersey Department of Labor and Workforce Development based on most recent, reliable data.

Weights assigned to Ratios:

<u>Ratio:</u>	<u>Weight:</u>
Below 1.0	0.99
1.0 to 1.49	1.00
1.5 to 1.99	1.10
2.0 & Above	1.20

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- 2) Number of Degrees Awarded to Black, Hispanic, American Indian or Alaska Native and Native Hawaiian or Other Pacific Islanders Students (10%)

Source: Federal IPEDS Completions Survey

D. Adult Enrollment: 5%

- 1) Number of Students Equal to or Greater Than 25 years of age Enrolled

Source: Federal IPEDS Fall Enrollment Survey

E. Progress/Completion: 20%

- 1) Weighted Number of Degrees and 30+ Credit Certificates Awarded

Source: Federal IPEDS Completions Survey

Degrees/Certificates will be weighted based on the following:

Weights assigned to Degrees and 30+ Credit Certificates Awarded:

<u>Award:</u>	<u>Weight:</u>
Degree	1.0
30+ Credit Certificate	0.5

V. **COUNCIL TASKS FORCES TO SUPPORT IMPLEMENTATION AND IMPROVEMENT OF THE FUNDING DISTRIBUTION MODEL**

The Council will establish two Task Forces of Presidents to support the implementation and improvement of the funding distribution model. The two Task Forces will provide recommendations to the Council and updates to the Office of the Secretary of Higher Education.*

1. **Data Integrity Task Force:** A new Task Force of Presidents will be created to address data integrity and data definitions (including Auditing and Accounting Standards and IPEDS) for recommendation to the Council.
2. **Success Metrics Task Force:** A new Task Force of Presidents will be created to recommend to the Council a broader set of metrics for Progress / Completion that reflect the broader role of community colleges. The broader set of metrics to be considered could include successful transfer, credit completion, and other metrics and could be enacted in subsequent budget years.

* In accordance with the letter of approval from Secretary Brian K. Bridges, dated October 28, 2021, the Office of the Secretary of Higher Education requests regular updates about the Task Forces' work, as part of our ongoing collaboration with the community college sector.