



September 2, 2021

The Honorable Brian Bridges
Secretary of Higher Education - Office of the Secretary of Higher Education
1 John Fitch Plaza 10th Floor
PO Box 542
Trenton, NJ 08625-0542

Dear Secretary Bridges:

In keeping with state law and as required by the FY2022 approved state budget, please find attached the unanimous recommendation of all 18 community colleges for a funding distribution model for state operating aid to New Jersey's community college to be effective this current fiscal year.

This recommendation was unanimously approved on August 31, 2021 at a special meeting of the New Jersey Council of County Colleges.

This funding distribution model is rooted in the values and priorities of the community colleges and the State Plan for Higher Education, including access, equity, adult enrollment, and student success. This funding distribution model was informed by an intensive and deliberative process, over a period of 18 months, that involved community college presidents and trustees.

State operating aid for the state's community colleges is an essential investment in the future of our state and its residents and this funding distribution model will support the efforts of the state's 18 community colleges to expand economic opportunity and to prepare a skilled workforce to support economic growth.

We look forward to your review and approval of this recommended model.

Sincerely,



Aaron R. Fichtner, Ph.D.

cc: New Jersey Council of County Colleges



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

August 2021

Unanimously approved by the New Jersey Council of County Colleges on August 31, 2021

WHEREAS, 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; and

WHEREAS, 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; and

WHEREAS, 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; and

WHEREAS, 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; and

NOW, THEREFORE, BE IT RESOLVED, that the NJ Council of County Colleges adopt the funding distribution model (*formula*), recommended by the Council's Collaborations/Operations Committee, and outlined in this document. This formula, which will be submitted to the Secretary of Higher Education, 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.

**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:

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 all community colleges.

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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 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.

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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: Federal IPEDS Student Financial Aid Survey

*The Federal IPEDS 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.

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.

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COMMUNITY COLLEGE FUNDING FORMULA DISTRIBUTION MODEL			
FY 2022 STATE AID ALLOCATION	FY2021 Funding Level	Additional \$10 Million	Total
Atlantic Cape	5,135,090	409,017	5,544,107
Bergen	12,295,966	245,919	12,541,885
Brookdale	10,028,371	200,567	10,228,938
Camden	9,414,602	188,292	9,602,894
Essex	9,979,186	199,584	10,178,770
Hudson	7,122,224	1,696,786	8,819,010
Mercer	7,288,055	145,761	7,433,816
Middlesex	10,935,716	218,714	11,154,430
Morris	7,301,914	146,038	7,447,952
Ocean	8,046,244	459,396	8,505,640
Passaic	5,882,513	1,290,567	7,173,080
Raritan Valley	6,206,623	726,478	6,933,101
Rowan College at Burlington County	7,131,850	1,975,725	9,107,575
Rowan College of South Jersey	9,569,909	1,075,982	10,645,891
Salem	2,143,673	257,239	2,400,912
Sussex	3,284,066	65,681	3,349,747
Union	10,049,140	360,368	10,409,508
Warren	2,307,858	337,885	2,645,743
Total	134,123,000	10,000,000	144,123,000