

Funding Enrollment Growth At Community Colleges

LEGISLATIVE ANALYST'S OFFICE

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How Is Student Enrollment Growth Funded?



Each year, the budget act includes an appropriation for systemwide enrollment growth.

- In the current year (2003-04), the budget includes \$57.9 million to fund about 16,000 (1.5 percent) additional full-time equivalent students (FTES).



In order to ensure that growth is funded where it is needed most, the Chancellor's Office establishes growth "caps" for the 72 districts.

- Each district's growth cap is calculated using a variety of factors, including the projected change in the district's adult population and high school graduates.
- Districts can then "earn" growth funding for each additional FTES that they serve, up to the established cap.
- Some districts serve fewer students than authorized under their caps. These districts therefore do not earn all the funding that they could have been allocated.
- Some districts serve more students than authorized under their caps. These districts are sometimes said to have "unfunded" students. (However, there are ways that they can receive at least partial funding for their unfunded students.)



What Is the Magnitude of “Unfunded Enrollment”



Unfunded enrollment accounts for about 1.4 percent of total credit FTES in 2003-04.

- The total number of unfunded students systemwide is about 14,400 FTES. This is about 1.4 percent of total credit FTES.
- Thirty districts have unfunded enrollment. In five districts, unfunded enrollment exceeds 5 percent of their total FTES.



Unfunded enrollment has declined in recent years.

- In 2001-02, unfunded enrollment reached a high of about 41,000 FTES (or 3.7 percent of total FTES).



What Are Some Options for Funding Unfunded Enrollment Using the Growth Allocation Proposed by the Governor?



Provide funding first for all existing unfunded FTES.

- Funding all unfunded students (at credit rate) would cost about \$47 million.
- The remaining \$74 million would be available to fund new systemwide growth of about 20,200 FTES, or 1.8 percent.



Reduce unfunded FTES to no more than 5 percent per district.

- Five districts would be affected, receiving funding for a total of about 850 existing FTES at a cost of almost \$3 million.
- The remaining \$118 million would be available to fund new systemwide growth of about 32,000 FTES, or 2.9 percent.



Reduce per-FTES funding to spread growth funding to cover all existing unfunded students, as well as 3 percent new student growth.

- Growth allocation would fund about 47,400 FTES. This is about 44 percent more enrollment than envisioned in the Governor's proposal.
- Districts would therefore be funded at about 70 percent of the regular rate for these students.



Policy considerations.

- What practical effect would providing funding for over-cap FTES have upon the value of setting growth caps?
- Are there viable alternatives to establishing growth caps?
- How can the ideal of open access be reconciled with the reality of finite state resources for enrollment?