

April 8, 2015

# The 2015-16 Budget: California Community Colleges

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LEGISLATIVE ANALYST'S OFFICE

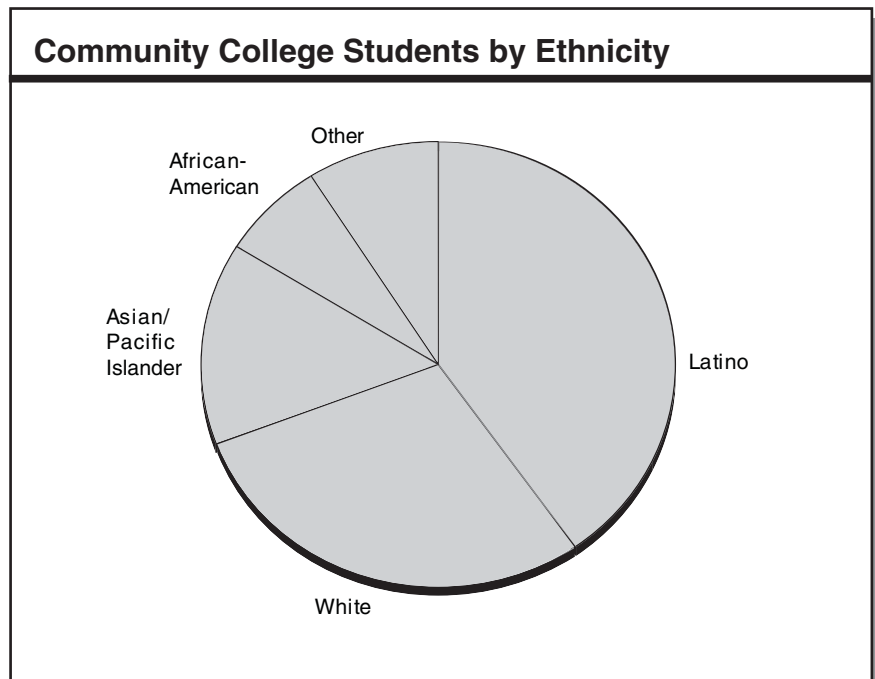
Presented to:  
Assembly Budget Subcommittee No. 2 on Education Finance  
Hon. Kevin McCarty, Chair





## Background on California Community Colleges (CCC)

- ✓ **Governed by 72 Local Governing Boards Operating 112 Colleges**
- ✓ **Overseen by State Board of Governors**
- ✓ **Served 2.3 Million Students (Unduplicated Headcount) in 2013-14**
  - 54 percent of students were female and 46 percent were male.
  - 57 percent of students were between 18 and 24 years of age.
  - Ethnically diverse.



- ✓ **Nearly 50 Percent of CCC Students Are Financially Needy**
- ✓ **About 90 Percent of Incoming Students Are Assessed at Below College Level in English, Math, or Both**



## Overview of Governor's CCC Budget Plan

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- Increases CCC Proposition 98 Funding by \$728 Million (11 Percent) in 2015-16**
  - Funding grows from \$6.9 billion in 2014-15 to \$7.6 billion in 2015-16.
  - The CCC system would receive 10.9 percent of total Proposition 98 funding in budget year (excluding Adult Education Block Grant funds).
  
- Spends Increase on Ongoing and One-Time Purposes**
  
- Increases Spending for Both Apportionments and Categorical Programs**
  
- No Changes to Enrollment Fee Levels**



## Governor's CCC Proposals

<b>Proposition 98 Spending Changes for Community Colleges</b>	
<i>(In Millions)</i>	
<b>2014-15 Budget Act</b>	<b>\$6,602</b>
Mandate backlog (one time)	\$146
Deferrals paydown (one time)	94
Career technical education Pathways Initiative (one time)	48
Other adjustments	12
<b>Total 2014-15 Changes</b>	<b>\$301</b>
<b>Revised 2014-15 Spending</b>	<b>\$6,902</b>
<b>Back Out One-Time Actions</b>	
Mandate backlog	-\$196
Deferral paydown	-158
Deferred maintenance	-148
Workforce development program	-50
Career technology pathways programs	-48
Subtotal	<u>(\$599)</u>
<b>Technical Changes</b>	
Enhanced noncredit rate adjustment per statute	\$49
Other	-23
Subtotal	<u>(\$26)</u>
<b>Policy Changes</b>	
Adult education consortia	\$500
Student support programs	200
Apportionment increases to be specified at May Revision	170
Additional apportionment increases	125
Mandate backlog	125
Enrollment growth (2 percent)	107
Cost-of-living adjustment (1.58 percent)	92
Apprenticeship instruction	29
Enrollment stability funding	-47
Subtotal	<u>(\$1,301)</u>
<b>Total 2015-16 Changes</b>	<b>\$728</b>
<b>2015-16 Proposed Spending</b>	<b>\$7,630</b>



## CCC Programs

### Community College Programs Funded by Proposition 98

(Dollars in Millions)

	2013-14	2014-15	2015-16	Change From 2014-15	
				Amount	Percent
<b>Apportionments</b>					
General Fund	\$3,375	\$3,270	\$3,287	\$17	1%
Local property taxes	2,178	2,321	2,628	307	13
Subtotals	(\$5,553)	(\$5,591)	(\$5,915)	(\$324)	(6%)
<b>Categorical Programs and Other Appropriations</b>					
Adult Education Block Grant <sup>a</sup>	\$25	—	\$500	\$500	N/A
Student Success and Support Program	99	\$272	472	200	74%
Mandate backlog payment	80	196	125	-70	-36
Disabled Students Program	84	114	114	—	—
Extended Opportunity Programs and Services	89	89	89	—	—
Financial aid administration	68	69	69	—	—
Lease revenue bond payments	64	65	56	-9	-14
Proposition 39 (grant and loan programs)	50	39	40	1	1
CalWORKs student services	35	35	35	—	—
Mandate block grant <sup>b</sup>	33	32	33	—	—
Apprenticeship (community colleges)	7	7	31	24	338
Part-time faculty compensation	25	25	25	—	—
Economic and Workforce Development	23	73	23	-50	-69
Telecommunications and technology services	16	22	22	—	—
Apprenticeship (school districts)	16	16	20	5	31
Student Success for Basic Skills Students	20	20	20	—	—
Nursing grants	13	13	13	—	—
Online/technology initiative	17	10	10	—	—
Foster Parent Education Program	5	5	5	—	—
Fund for Student Success	4	4	4	—	—
Part-time faculty office hours	4	4	4	—	—
Campus child care support	3	3	3	—	—
Equal Employment Opportunity	1	1	1	—	—
Transfer education and articulation	1	1	1	—	—
District financial crisis oversight	1	1	1	—	—
Other <sup>c</sup>	1	1	1	—	—
Career Technical Education Pathways Initiative <sup>d</sup>	48	48	—	-48	-100
Physical plant and instructional support	30	148	—	-148	-100
Subtotals	(\$860)	(\$1,311)	(\$1,715)	(\$404)	(31%)
<b>Totals</b>	<b>\$6,413</b>	<b>\$6,902</b>	<b>\$7,630</b>	<b>\$728</b>	<b>11%</b>

<sup>a</sup> 2013-14 amount is for planning grants, available for expenditure over 2013-14 and 2014-15.

<sup>b</sup> Includes \$17,000 each year for mandate reimbursements.

<sup>c</sup> Includes part-time faculty health insurance and Academic Senate.

<sup>d</sup> 2014-15 amount is for 2015-16 program costs. State also provided \$48 million non-Proposition 98 General Fund in 2014-15 for 2014-15 program costs.



## Governor’s Budget: CCC Student Support Programs

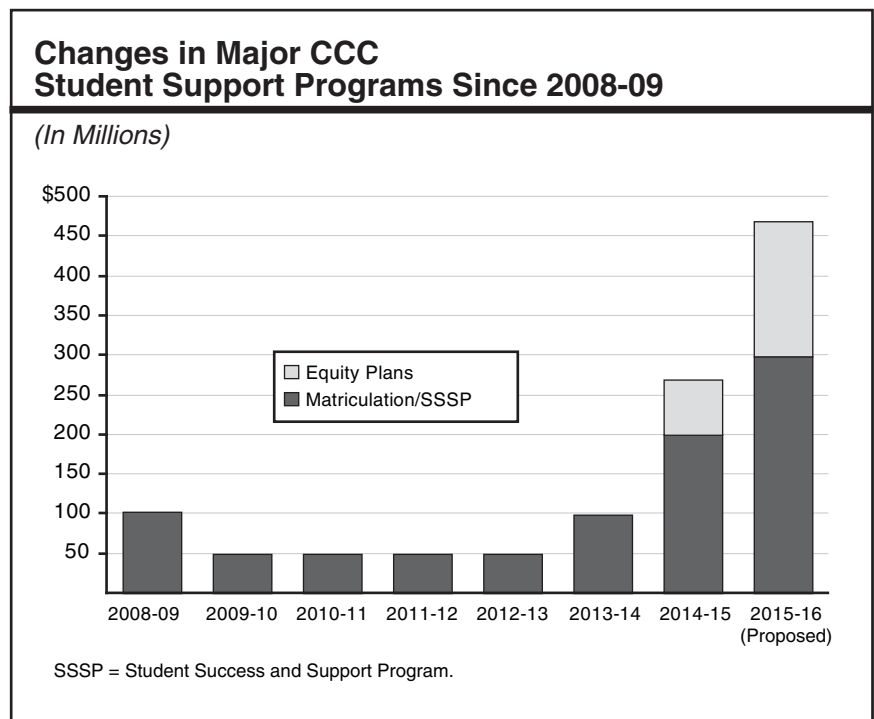


### **Increases Funding for Student Success and Support Program (SSSP) by \$200 Million**

- \$100 million allocated to districts to increase assessment, placement, and orientation activities for new students, as well as academic counseling and tutoring for new and continuing students.
- Remaining \$100 million allocated to districts to implement student equity plans. The purpose of these plans is to identify and address disparities in access and outcomes among subgroups of CCC students.



### **Brings Total Funding for Program to \$472 Million**





## LAO Assessment: CCC Student Support Programs

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**Rapid Large Augmentations Proving Difficult to Absorb**

**Governor's Approach Too Narrowly Focused**

- State authorizes specific types of support for CCC students through seven categorical programs (see next page).
- Student Success Task Force: "current approach results in organizational silos that are inefficient and create unnecessary barriers for students..."
- Governor's budget augments only SSSP, providing no augmentations for remaining six programs.



# LAO Assessment: CCC Student Support Programs *(Continued)*

## Seven CCC Categorical Programs Provide Student Support Services

*(In Millions)*

Categorical Program	2013-14 Actual	2014-15 Revised	2015-16 Proposed	Change From 2014-15	
				Amount	Percent
<b>Student Success and Support Program.</b> Funds assessment, orientation, and counseling (including educational planning) services for CCC students. Includes designated funding to identify and address disparities in access and completion for various subgroups of CCC students. Also provides \$2.5 million beginning in 2014-15 for technical assistance to community colleges that demonstrate low performance in student outcomes or other areas of college operations.	\$99.2	\$271.7	\$471.7	\$200.0	74%
<b>Extended Opportunity Programs and Services.</b> Provides various supplemental services (such as counseling, tutoring, and textbook purchase assistance) for low-income and academically underprepared students.	88.6	88.6	88.6	—	—
<b>Financial Aid Administration.</b> Funds staff to process federal and state financial aid forms and assist low-income students with applying for financial aid.	67.5	69.4	69.4	—	—
<b>CalWORKs Student Services.</b> Provides child care, career counseling, subsidized employment, and other supplemental services to CCC students receiving CalWORKs assistance. (These services are in addition to those provided to all CalWORKs recipients by county welfare departments.)	34.5	34.5	34.5	—	—
<b>Student Success for Basic Skills Students.</b> Funds counseling and tutoring for academically underprepared students as well as curriculum and professional development for basic skills faculty.	20.0	20.0	20.0	—	—
<b>Fund for Student Success.</b> Consists of three separate programs: two programs that provide counseling, mentoring, and other services for CCC students from low-income or historically underrepresented groups who seek to transfer to a four-year college; and one program for students who attend high school on a CCC campus.	3.8	3.8	3.8	—	—
<b>Campus Child Care Support.</b> Funds child care centers at 25 community college districts. (This child care is unique to these 25 districts and not part of the state's CalWORKs child care program.)	3.4	3.4	3.4	—	—
<b>Totals</b>	<b>\$317.0</b>	<b>\$491.4</b>	<b>\$691.4</b>	<b>\$200.0</b>	<b>41%</b>

CalWORKs = California Work Opportunity and Responsibility to Kids.



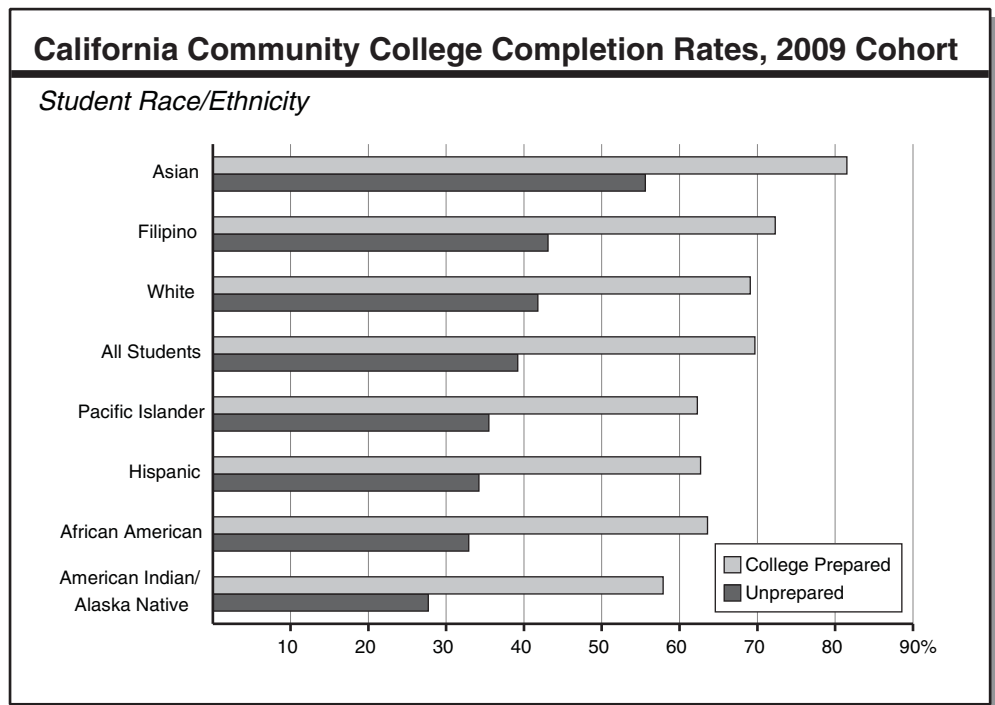


## LAO Assessment: CCC Student Support Programs *(Continued)*

**Multiple College and District Plans Address Student Success**

- Strategic plans.
- Educational master plans.
- SSSP plans.
- Student equity plans.
- Institutional effectiveness plans.
- Basic skills plans.
- Accreditation self-studies.
- Program reviews.

**Largest Differences in Outcomes Are Between College-Prepared and Unprepared Students**





## LAO Recommendation: CCC Student Support Programs

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### **Recommend Creating Student Support Block Grant**

- Consolidate seven student support programs into a new block grant.
- Establish overall objectives for block grant, such as:
  - Improve student outcomes for all students.
  - Eliminate disparities in access and achievement among subgroups of students.
- Campuses would determine how best to remove barriers to access and success for each subgroup.
- Adopt allocation formula for block grant based on enrollment, indicators of need for services, and progress toward meeting program objectives.
- Streamline planning and reporting requirements.



## **Governor's Budget: CCC Base Increases**

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- Proposed Funding Level Includes \$170 Million in Unallocated Proposition 98 General Fund (2.91 Percent)**
- Proposes \$125 Million General Apportionment Increase (2.14 Percent)**
- Proposes \$92 Million Cost-of-Living Adjustment (COLA) (1.58 Percent)**



## LAO Assessment and Recommendations: CCC Base Increases

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### Unallocated Base Increases



#### Consider How Best to Use \$295 Million in Currently Unallocated Proposition 98 Funds

- Allocate \$170 million unallocated Proposition 98 funds and \$125 million unallocated apportionment increase for specified priorities.
- Consider increases for one-time or ongoing purposes. (One-time initiatives would help minimize risk of cutting ongoing programs in 2016-17 were the economy to sour.)

### COLA



#### Adopt COLA (Final Rate Known by Early May)



## **Governor's Budget: Enrollment Growth**

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### **Proposes \$107 Million for 2 Percent Enrollment Growth**

- Would fund additional 23,000 full-time equivalent students.
- Growth funds to be allocated by a new formula being developed by CCC Chancellor's Office pursuant to 2014 legislation. Allocation is to be based primarily on "each community's need for access to the community colleges, as determined by local demographics."



### **Changes Two Budgetary Practices for Enrollment Growth**

- No longer keeps enrollment growth funding separate from other funding.
- Assumes growth funding can cover any restoration of recent enrollment declines as well as new growth.



## **LAO Assessment and Recommendations: Enrollment Growth**

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### **Enrollment Growth: Funding Amount**

- Funded Growth for 2014-15 Is 2.75 Percent**
  - Information to date suggests 2014-15 growth is about 2 percent.
  - Remaining 0.75 percent will convert most unfunded enrollment to funded enrollment.
- Recent Enrollment Trend Suggests Colleges Will Be Able to Achieve 2 Percent Target in 2015-16**
- Use Updated Current-Year Information Available in Early May to Adjust 2014-15 and Set 2015-16 Enrollment Growth Levels**

### **Enrollment Growth: Budgetary Practices**

- Proposal to No Longer Earmark Enrollment Growth Funding Reduces Transparency and Accountability**
- Continue to Specify Enrollment Growth Funding in Annual Budget Act**
- Change in Budgeting for Enrollment Restoration Is Not a Technical Adjustment**
- Consider Merits of Enrollment Restoration Policy Before Making Corresponding Budget Decision**



# LAO Assessment and Recommendations: Enrollment Growth (Continued)

## Enrollment Growth: Allocation to Districts

- Draft Growth Allocation Formula Largely Adheres to Statutory Guidance**

	Statutory Factors	Draft Model
<b>Demographic and Economic Factors</b>		
Low educational attainment		
Population ages 25 to 64 without a bachelor's degree	✓	✓ <sup>a</sup>
Population younger than age 25 without a bachelor's degree	✓	— <sup>b</sup>
Unemployment	✓	✓
Poverty	✓	✓
Limited English skills	✓	— <sup>b</sup>
<b>Institutional Factors</b>		
Minimum base amount	✓	✓
Prior-year enrollment funding	✓	✓
Recent enrollment growth		✓
Institutional effectiveness	✓ <sup>c</sup>	

<sup>a</sup> Adults without an associate or bachelor's degree.  
<sup>b</sup> CCC reports lack of reliable data.  
<sup>c</sup> Requires CCC to consider a college's effectiveness in serving students from high-need neighborhoods, beginning in 2016-17.

- Draft Formula Balances Demand, Need, and Stability**
  - Gives highest weight to demand (as measured by districts' recent enrollment growth).
  
- Recommend Increasing Weight of Need Components Over Time**
  - Direct CCC to develop a transition plan to gradually shift allocation toward higher-need districts.