

May 18, 2015

California Community Colleges: May Revision Overview

LEGISLATIVE ANALYST'S OFFICE

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





Overview of CCC Budget

CCC Proposition 98 Funding—2015 May Revision						
<i>(In Millions)</i>						
	2014-15			2015-16		
	January	May	Change	January	May	Change
General Fund	\$4,581	\$4,975	\$394	\$5,002	\$5,301	\$298
Local property tax revenue	2,321	2,263	-58	2,628	2,613	-15
Totals	\$6,902	\$7,238	\$336	\$7,630	\$7,914	\$283



CCC Proposition 98 Spending Increases

CCC Proposition 98 Spending Changes			
<i>(In Millions)</i>			
	2013-14	2014-15	2015-16
Apportionments			
Provide apportionment increase (above growth and COLA)	—	—	\$142
Increase funding for full-time faculty	—	—	75
Fund enrollment growth	—	—	50
Provide funds to restore enrollment earned back by districts	—	—	42
Other adjustments	—	—	14
Adjust COLA for apportionments	—	—	-31
Revenue and workload adjustments	\$5	-\$58	-163
Subtotals, Apportionments	(\$5)	(\$58)	(\$128)
Categorical and Other Programs			
Fund maintenance and instructional equipment (one time)	—	\$48	\$100
Fund CCC innovation awards (one time)	—	23	25
Fund implementation of local student equity plans	—	—	15
Fund dissemination of effective institutional practices	—	—	12
Augment technical assistance for districts	—	—	3
Provide COLA for select categorical programs	—	—	2
Pay down mandate backlog	\$14	261	—
Provide funding for basic skills initiatives	—	62	—
Shift college planning website funds to Department of Education	—	—	-1
Other adjustments	—	—	-1
Subtotals, Categorical and Other Programs	(\$14)	(\$394)	(\$156)
Total Proposition 98 Spending Changes	\$18	\$336	\$283

COLA = cost-of-living adjustment.



CCC Apportionment Increases



May Revision Proposals

- ***Unallocated Base Augmentation.*** Adds \$142 million to proposed base increase in recognition of increased operating expenses in the areas of facilities, retirement benefits, professional development, full-time faculty, and other general expenses. Brings total unallocated base increase to \$267 million.
- ***Enrollment Growth.*** Provides \$50 million for additional 1 percent growth, bringing total proposed growth funding to \$157 million for 3 percent growth.
- ***Full-Time Faculty.*** Provides \$75 million to increase colleges' ratios of full-time faculty to total faculty. Would require districts with lower ratios to use all the funding for additional full-time faculty while giving more flexibility to districts with higher ratios. (The average district would be required to use about half the funding for increasing the number of full-time faculty.)



LAO Assessment and Recommendations

- ***Redirect Unallocated Base Augmentation.*** Legislature could approve Governor's January proposal providing \$125 million in general purpose funds and direct the additional \$142 million in May funding to further reduce the mandate backlog or deferred maintenance. This approach would provide a cushion in the event that revenues decline in 2016-17, set clearer expectations for colleges, and address existing liabilities.
- ***Adopt Lower Enrollment Growth Target.*** Recommend 2.7 percent growth (additional 0.7 percent over January budget) to accommodate expected growth and cover remaining unfunded enrollment.



CCC Apportionment Increases *(Continued)*

- ***Consider Trade-Offs for Full-Time Faculty Funding.***
 - Earmarked funding could advance progress toward statutory target of 75 percent full-time faculty.
 - Full-time faculty members are more likely to provide leadership for program planning and curriculum development, and to be more available for students outside of classroom hours.
 - Part-time faculty members can bring unique and practical experience to the classroom, and allow colleges to respond quickly to changing student demands and labor-market needs.
 - Evidence of association between student success and full-time faculty ratios is mixed.



CCC Categorical and Other Programs



May Revision Proposals

- **Basic Skills Initiatives.** Proposes two one-time incentive grant programs:
 - **\$60 Million for Basic Skills and Student Outcomes Transformation Program.** Provides incentive grants for an unspecified number of campuses to adopt or expand the use of evidence-based models of basic skills assessment, placement, and instruction, similar to a program proposed in AB 770 (Irwin).
 - **\$2 Million for Basic Skills Partnership Pilot Program.** Provides four incentive grants of \$500,000 each to community college districts that partner with California State University (CSU) campuses to coordinate basic skills instruction for current or prospective CSU students.
- **Student Success and Support.** Provides \$30 million in additional funding for program, bringing total to \$502 million. Includes three components:
 - **\$15 Million to Augment Student Equity Plan (SEP) Implementation.** Requires that equity plan funding model include foster youth, and calls for pilot projects to provide supplemental services to foster youth in the Extended Opportunity Program, consistent with Chapter 771, Statutes of 2014 (SB 1023, Liu). Brings total for SEP implementation to \$115 million.
 - **\$12 Million to Disseminate Effective Institutional Practices Statewide.** Funds workshops and training programs to promote student achievement; improve institutional operations; and facilitate better planning, coordination, and implementation of statewide initiatives. Also supports online clearinghouse of information and other resources on effective community college practices, including practices related to serving members of the California Conservation Corps and incarcerated individuals.



CCC Categorical and Other Programs

(Continued)

- ***\$3 Million to Expand Technical Assistance to Districts.*** Increases to \$5.5 million funding for technical assistance in the areas of academic affairs, student services, career technical education, and finance. Under this initiative, the Chancellor's Office contracts with teams of community college experts to consult with colleges in need of assistance.
- ***Mandate Backlog.*** Provides additional \$275 million (one time) in mandate backlog payments, bringing total proposed mandate backlog payments to \$654 million.
- ***Maintenance and Instructional Support.*** Provides \$148 million (one time) for facility maintenance and to replace instructional equipment and library materials.
- ***Cost-of-Living Adjustment (COLA) for Categorical Programs.*** Adds \$2 million to provide a COLA for four categorical programs: Disabled Student Programs and Services, Student Services for California Work Opportunity and Responsibility to Kids Recipients, Extended Opportunity Programs and Services, and Campus Childcare Support. Administration notes that these four programs traditionally receive COLA when funds are available.



CCC Categorical and Other Programs

(Continued)



LAO Assessment and Recommendations

- **Adopt Smaller Pilot Program for Basic Skills Transformation.** The Governor's proposal has merit, but given the number and magnitude of reform initiatives the colleges already are implementing—including their Student Success and Support Plans, SEPs, and Institutional Effectiveness Plans—we believe its scale is unrealistic. We recommend adopting a smaller pilot program.
- **Reject Basic Skills Partnership Pilot Program.** The Governor's goal to coordinate basic skills instruction between community colleges and CSU campuses is laudable. The pilot program, however, does not appear to be well developed. The two segments did not participate in developing the proposal, and it is unclear whether CSU campuses are interested in participating, how many students may be willing to enroll concurrently in California Community Colleges (CCC) and CSU courses, and how partnership campuses would spend the \$500,000 grants (as instruction would be funded under apportionments).
- **Reject SEP Augmentation.** The Governor's January proposal more than doubles SEP funding, from \$70 million to \$170 million. Colleges have experienced difficulty absorbing large augmentations in student support programs, including SEP, over the last two years. The Legislature could adopt proposed budget language requiring the inclusion of foster youth in the determination of SEP funding allocations and directing the Chancellor to enter into agreements with districts to provide additional services in support of foster youth.
- **Adopt Proposals to Disseminate Effective Institutional Practices and Expand Targeted Technical Assistance to Colleges.** These proposals support implementation of multiple statewide initiatives aimed at improving student success and district operations.



CCC Categorical and Other Programs

(Continued)

- **Approve Mandate Backlog Payment.** Proposal is consistent with the state's past approach of using one-time funds to pay down outstanding obligations.
- **Approve Maintenance and Instructional Support Funding.** CCC reports more than \$1 billion in scheduled and deferred repair and maintenance projects. Using one-time funds to reduce this backlog could avoid costlier repairs and maintenance in the future. In addition, the proposal gives campuses the opportunity to update instructional equipment and materials, including bringing equipment for career technical education programs up to current industry standards.
- **Fund COLA for Categorical Programs.** Approve COLA for four categorical programs as proposed and consider providing COLA to additional categorical programs. Providing a 1.02 percent COLA to the remaining programs (excluding newly created and augmented programs and one-time funds) would require \$2.6 million.